

FINANCIAL TIMES



Michael Jackson
Sony invests in a bruised asset

Page 15



Losing chains
Trade unions think globally

Page 14

Visiting Titan
Fiery descent by parachute

Technology, Page 12



Indonesia
Instability below the surface

Survey, separate section

World Business Newspaper

TUESDAY JUNE 25 1996

Nuclear test ban deal threatened by 'threshold' states

Britain, Russia, China and Pakistan have rejected a plan to begin a comprehensive nuclear test ban even if one or more of eight key countries refused to join. They are insisting that the treaty be ratified by all five declared nuclear weapons states - the US, Russia, Britain, France and China - as well as by India, Pakistan and Israel, the three "threshold" states capable of building nuclear weapons. Page 16; Deadline drawing near, Page 4

Saab Automobile is to get an injection of SEK4.4bn (\$524m) from General Motors of the US and Investor, the main arm of the Wallenberg empire, in a refinancing deal that opens the door to an eventual complete takeover by GM. Page 17

Israeli interest rate raised: The Bank of Israel raised the key lending rate by 1.5 percentage points in a message to Benjamin Netanyahu's government that it must tackle economic problems and implement budget cuts. Page 16; Christopher picks up Middle East peace baton, Page 4

Germany lifts hopes of economic upturn: The German economics ministry reported "isolated signs" that pointed to "a gradual stabilisation", raising hopes that the country may be starting to pull out of its economic downturn. Page 2

Few offers for MGM: Only a handful of bidders had expressed interest in the French-owned MGM film, television and distribution group as the deadline for offers passed. Page 20

Europe to approve weather satellites: Europe is expected to approve a Euro1.5bn (\$2.3bn) system of weather satellites to help produce more accurate weather forecasts and answer longstanding US complaints that Europe does not provide its fair share of meteorological observations. Page 2

Nigeria moves to improve image: Nigeria attempted to improve its human rights image by releasing two political detainees in the run-up to a meeting with Commonwealth foreign ministers in London. Nigeria's foreign minister, Tom Ikimi (left), insisted his country was already returning to democracy after several countries threatened to impose sanctions against the military regime in Lagos. Page 4

Aérospatiale and Dassault deal likely: French defence minister Charles Millon said an agreement for state-owned Aérospatiale and privately-controlled Dassault Aviation to merge their aircraft activities is close. Page 19; Lex, Page 16

Britain opposes lifting of whaling ban: Britain toughened its opposition to a resumption of commercial whaling at the opening of the International Whaling Commission's annual meeting saying it would oppose any move to lift the decade-old moratorium. Page 4; Editorial Comment, Page 15

East Asian barriers 'distort trade': A Swedish study has accused East Asian economies of erecting barriers which distort international trade and blocking expansion by European companies. Page 6

Sol Meliá, the Majorca-based hotel group scheduled to begin trading on the Madrid stock exchange next week, has raised \$275m through a record-breaking initial public offering. Page 18

Countries question death of Burma envoy: Denmark and Norway will send envoys to Burma to seek a full explanation for the death in prison of their shared consul, Leo Nichols, a friend of pro-democracy leader Aung San Suu Kyi.

Clinton's poll lead cuts: President Bill Clinton's lead over likely Republican nominee Bob Dole has dropped to 5.6 percentage points in a poll released by the John Zogby Group International which had Clinton leading Dole by 44.5 per cent to 38.9 per cent. Clinton wins time in sex harassment suit, Page 5; Family values in Nashville, Page 16

Seeds lose at Wimbledon: Former Wimbledon champion Andre Agassi, the third seed, was one of four men's seeds knocked out on the opening day of this year's championships. Also eliminated were sixth seed Michael Chang, eighth-seeded Jim Courier and France's Arnaud Boetsch, seeded 15.

England and India draw Test: England drew the second Test against India at Lord's. England scored 344 and 278-9 to India's first innings total of 429. England lead the series by 1-0 with the third and final Test starting on July 4 in Nottingham.

| STOCK MARKET INDICES | |
|----------------------|--------------------|
| New York S&P 500 | (+31.25) |
| Dow Jones Ind. Av. | 5,728.48 |
| NASDAQ Composite | -1,784.05 |
| Europe and Far East | |
| CAC40 | 2,857.63 (+13.48) |
| UK | 2,985.40 (+25.32) |
| FTSE 100 | 3,710.8 (-11.5) |
| Nikkei | 22,883.20 (+72.55) |

| US BOND YIELDS | |
|----------------|-------|
| 1-mo | 5.4% |
| 3-mo | 5.26% |
| Long term | 7.87% |

| OTHER RATES | |
|--------------------|-------------------|
| UK 3-mo interbank | 5.4% (same) |
| UK 10 yr Gilt | 9.61% (96.1) |
| France 10 yr OAT | 104.58 (104.62) |
| Germany 10 yr Bund | 87.52 (87.40) |
| Japan 10 yr JGB | 82.1913 (82.1913) |

| NORTH SEA OIL (Average) | |
|-------------------------|-----------------|
| Brent Dated | \$18.30 (18.41) |
| Oils | CFR13.00 |

Prices dip on fears that Sumitomo is unloading part of huge holding

Copper falls to 2 1/2-year low

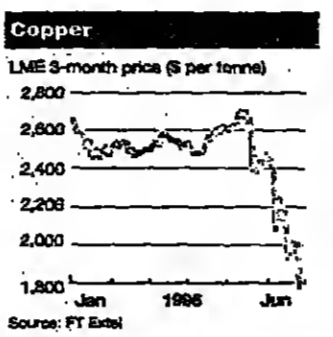
By Richard Mooney in London, Emiko Terazono in Tokyo and Laurie Morse in Chicago

Copper prices fell yesterday to 2 1/2-year lows as traders responded to fears that Sumitomo Corporation, the Japanese trading house, might have started unloading some of its huge holdings of the metal.

A 5 per cent fall in the morning extended to 27 per cent the decline that began on June 6 after Sumitomo revealed it had made unprecedented losses on copper trading.

The three months delivery price on the London Metal Exchange dipped at one point to \$1,788 a tonne before bouncing to end in after hours "kerf" trading at \$1,818 a tonne, down \$73 from Friday.

LME traders said the fall had



been triggered by a narrowing in short-term price premiums, which suggested that the tight supply situation was easing, perhaps in response to sales from Sumitomo's holding.

Copper trading conditions at the London exchange have been unusually thin in recent weeks, so selling did not have to be very heavy to send prices sharply lower, analysts noted.

Sumitomo yesterday maintained that losses linked to trading by Mr Yasuo Hamanaka, its dismissed chief copper trader, were still about \$1.8bn, but admitted that "total trading losses may fluctuate in line with world copper prices".

Traders in London and Singapore have estimated that Sumitomo's losses may be as high as \$4bn and have said that the company may have control of more

than 2m tonnes of copper - about 20 per cent of the total used in the western world each year.

Our copper positions in the market are very complicated... including options and swaps. The Financial Times's estimate of \$4bn sounds too much," Sumitomo said.

The company refused to disclose its copper positions and said: "It could move the market if disclosed."

Sumitomo announced that it would rotate its commodity and currency traders within a four-year period in order to prevent the recurrence of the losses caused by Mr Hamanaka, who had done his job for a decade without even taking holidays.

Under the new rule, managers of commodities, including non-ferrous metals, sugar and rubber, and financial trading divisions, will have a four-year time limit and their subordinates will be replaced within three years.

Meanwhile, Germany's metals trade association, Verein Deutscher Metallhändler, wrote to the LME last week to complain about extreme volatility in copper prices and increased margin calls - deposits required for trades.

"The exchange's traditional clientele... are now faced with the alternative to raise using the LME or face tremendous cash-flow problems which can even lead to bankruptcy," the VDM said in its letter.

Police in the US state of Vermont yesterday said they had conducted a review of an investigation into a 1991 fire that claimed the life of Mr Paul Scully, a US copper trader. Police said the review confirmed initial findings that both the fire and Mr Scully's death were accidental.

Sgt William Merritt of the Vermont police said reports saying the case had been re-opened in response to the Sumitomo copper inquiry were wrong.

Commodities, Page 26

Zyuganov issues call for coalition to govern Russia

Move seen as act of desperation by Yeltsin's Communist rival

By John Thornhill in Moscow

Mr Gennady Zyuganov, the Communist party candidate in Russia's presidential elections, yesterday issued a bizarre appeal to all political forces to unite around him to avert a national collapse.

The move was widely interpreted as a desperate attempt by Mr Zyuganov, who is well behind President Boris Yeltsin in the opinion polls, to revive his flagging election campaign.

With only a week of campaigning possible before the run-off vote between him and Mr Yeltsin on July 3, Mr Zyuganov has no plans to hold election rallies and is almost invisible in the media.

"The situation in the country is developing in such a way that Russia is confronted with great difficulties. No single force is in a dominant position," he said.

He suggested one-third of the government should be composed of ministers drawn from his "national-patriotic" bloc; one-third from other political parties in the parliament, and the rest from the present government.

Mr Grigory Yavlinsky, who came fourth in the presidential elections, suggested Mr Zyuganov's proposal reflected the



Gennady Zyuganov at a press conference in Moscow yesterday, with only a week of campaigning possible before the run-off vote with President Boris Yeltsin, the Communist party candidate has no plans to hold election rallies and is largely invisible in the national media. Photo: Reuters

weakness of his position and was an attempt to seize the centre ground of politics.

"I think Zyuganov really fears very much a possible defeat at the polls. He has every reason to fear," Mr Yavlinsky said.

Mr Zyuganov also floated the idea of a national pact to recognise the legitimacy of all forms of ownership, and make the government more accountable to parliament. It was not clear whether Mr Zyuganov's blueprint would only be implemented in the event of his victory or was an indirect overture to Mr Yeltsin.

Mr Zyuganov's proposals echo those of a group of 13 leading bankers who have for months been pressing for the formation of a government of national unity.

The bankers' proposals are believed to have found favour with some of Mr Yeltsin's administration. They were particularly popular with Mr Alexander Korzhakov, former head of the presidential security guard, and Mr Oleg Soskovets, former first deputy prime minister, who were sacked by Mr Yeltsin last week.

Mr Yeltsin appeared to reject any possibility of compromise, Voters doubt market view, Page 3

Nabisco to shed 4,200 jobs in efficiency savings drive

By Richard Tomkins in New York

Nabisco, one of the world's biggest food groups, yesterday became the latest US company to downsize when it announced plans to cut 4,200 jobs from its workforce of 54,000.

The cuts will be split evenly among the US and other countries. Some company offices will be closed, a number of low-volume products will be dropped, manufacturing and distribution will be streamlined and the sales organisation will be revamped.

Charges associated with the restructuring will wipe out most of Nabisco's profits this year, but the company said the cost would be justified by efficiency savings in later years.

Nabisco's reorganisation comes when corporate downsizing has come under fire in the US. Some politicians and economists have accused companies of sacrificing the long-term health of their industries for short-term gains in their share prices.

But Mr John Greeniaus, Nabisco's chairman and chief executive, said the move was necessary to improve the company's competitive position and to accelerate "strong, sustainable earnings growth" into the next century.

"We would have liked to have done this without terminating any employees, many of whom have spent a number of years with the company and made positive contributions," Mr Greeniaus said.

"However, the fundamental changes that we must make require a leaner workforce," he added.

Although separately quoted, Nabisco is 80 per cent owned by RJR Nabisco, the US tobacco and food group. RJR Nabisco has come under increasing pressure to spin off Nabisco completely and yesterday's move is likely to be seen as helping to prepare the food company for independence.

RJR Nabisco's share price was up 5% at \$33 in early trading yesterday, while Nabisco's was up 4% at \$36.

April 1996. This announcement appears in a number of record only.

BHF Charterhouse CCF



£142 million sale of WH Smith Business Supplies Limited to



Charterhouse Bank Limited advised WH Smith Group plc



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| CONTENTS | | | |
|-----------------------|----|---------------------|-------|
| News | 16 | Overseas | 26 |
| Weather | 16 | Company & Finance | 29 |
| European News | 23 | UK | 29 |
| International News | 4 | International | 29-31 |
| American News | 5 | Lead Page | 19-21 |
| World Trade News | 5 | Letters | 14 |
| UK News | 10 | UK News | 10 |
| FT News | 94 | Business law | 11 |
| Int. Econ. Indicators | 8 | Arts | 13 |
| Portugal Exchanges | 28 | London SE | 34 |
| Gold Markets | 29 | Wall Street | 35,39 |
| Equity Options | 28 | Bourses | 35,38 |
| Int. Bond Services | 28 | Managed Funds | 32,33 |
| Int. Opt. Mkt. | 28 | Money Markets | 30 |
| Markets | 28 | Recent Issues | 35 |
| Commodities | 28 | Share Information | 35,31 |
| FT Securities | 34 | Traditional Options | 39 |
| FT/SP-A Wide Index | 35 | | |

NEWS: EUROPE

Ministry reports growth in orders and better retail climate Signs of life in German economy

By Peter Norman in Bonn
Hopes are growing that Germany may be starting to pull out of its economic downturn. While acknowledging continued weakness in the economy, the German economy ministry yesterday reported "isolated signs" that pointed to a "gradual stabilisation".

The ministry said there had been a "marked growth" in foreign orders for German manufactured goods since late autumn. Domestic orders had grown somewhat in recent months and the business climate in the west German retail trade had "clearly improved" since the start of the year.

had improved in recent months, although this, the ministry said, was only because businesses were trying to catch up production losses caused by the harsh winter. Although cautious, the ministry's report was somewhat more positive than the Bundesbank's latest assessment of the economy. A week ago, the central bank damped hopes of an early resumption of economic growth with a monthly report that signified "rays of light" but no clear indication of a breakthrough.

Foreign investors pump cash into Ireland

By John Murray Brown in Dublin
Ireland's success in attracting foreign investment continued apace in 1995. The Industrial Development Agency yesterday reported a record 11,500 new jobs from 114 projects, the best result in 21 years.

Parties dismiss Eta truce offer

Spain's main political parties dismissed the announcement of a one-week truce by Eta, the illegal Basque separatist organisation, as a manoeuvre aimed at undermining regional inter-party discussions on terrorism this week.

Germany's unions to fight shop hours plan

By Peter Norman
Germany's retail and white collar trade unions yesterday promised a fight over plans to liberalise shopping hours, and warned that they would demand compensation for their members if the law were approved.

Bonn's relations with Beijing head for a prolonged chill

Michael Lindemann reports on a setback for a Kohl policy priority

Bonn and Beijing edged closer towards a protracted breakdown in relations yesterday when several German ministers called off visits to China and other joint initiatives because of a dispute over Chinese policy in Tibet.



Germany's foreign minister Klaus Kinkel, whose planned visit to China has been called off by Beijing.

He went unusually far to extend a hand of friendship to the Chinese when, during his most recent visit last November, he inspected a Chinese infantry division, becoming the first head of government to do so since the Tiananmen Square killings in 1989.

While officials in Bonn say the closer links with China are designed to help the world's most populous nation find its way on to the world stage after years of isolation, businessmen hope that the steady improvement of long-term links will land large contracts, such as the hoped-for sale of the InterCityExpress, the German high-speed train.

EU pact on terrorist extradition

The European Union yesterday agreed a draft convention on extradition to help avoid situations where suspected terrorists wanted in one EU country could get free in another.

Kurds ambushed after congress

Three Kurdish activists were shot and killed in an ambush in central Turkey yesterday as they drove home from the annual congress of HADEP, a Kurdish political party.

Ukraine tries to boost sell-off

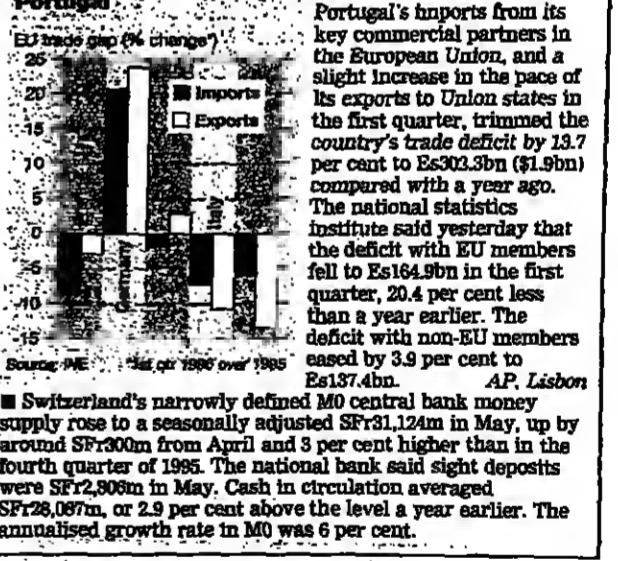
Mr Leonid Kuchma, the Ukraine president, has extended the deadline for Ukrainians to pick up privatisation certificates by another three months, to broaden participation in the country's sell-off programme.

German telecom tariff row ends

Germany yesterday settled a six-month-old dispute with the European Commission when it agreed to allow Deutsche Telekom, the state-owned telecoms group, to introduce rebates for corporate clients on November 1 and not January 1, 1996, as originally planned.

ECONOMIC WATCH

Trade gap with EU shrinks



The continued decline in Portugal's imports from its key commercial partners in the European Union, and a slight increase in the pace of its exports to Union states in the first quarter, trimmed the country's trade deficit by 13.7 per cent to \$2,302.3bn (\$1.9bn) compared with a year ago.

Europe plans \$2.3bn weather satellites

By Clive Cookson, Science Editor

Europe is expected tomorrow to give preliminary approval for an Ecu1.9bn (\$2.3bn) system of weather satellites, to help produce more accurate weather forecasts and satisfy a longstanding US complaint that Europe does not provide its fair share of meteorological observations.

procurement process for the European Polar System at its council meeting in Darmstadt, Germany.

The proposal is to build three satellites, for launch from 2002, to orbit the globe from pole to pole, providing cloud images and meteorological measurements from a height of 850km. They will be Europe's first polar satellites.

cost a total of Ecu1.9bn (including an Ecu450m contribution from the European Space Agency) to build and run over 15 years.

Hopeful prognosis in Belgium for continental health

Gillian Tett and Neil Buckley on encouraging indications in a 'bellwether' economy

They are not quite trumpeting it yet. But Belgian policymakers now have more reason to smile. After the economy slid quietly into recession last year, hints emerged yesterday that it may be gathering pace again.

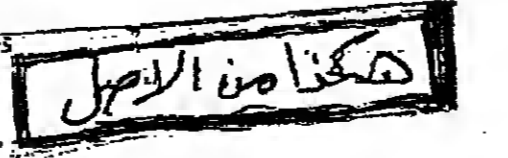
For though Belgium is one of the smaller European economies, its economic performance is often a good indicator of the broader trends shaping the Continent.

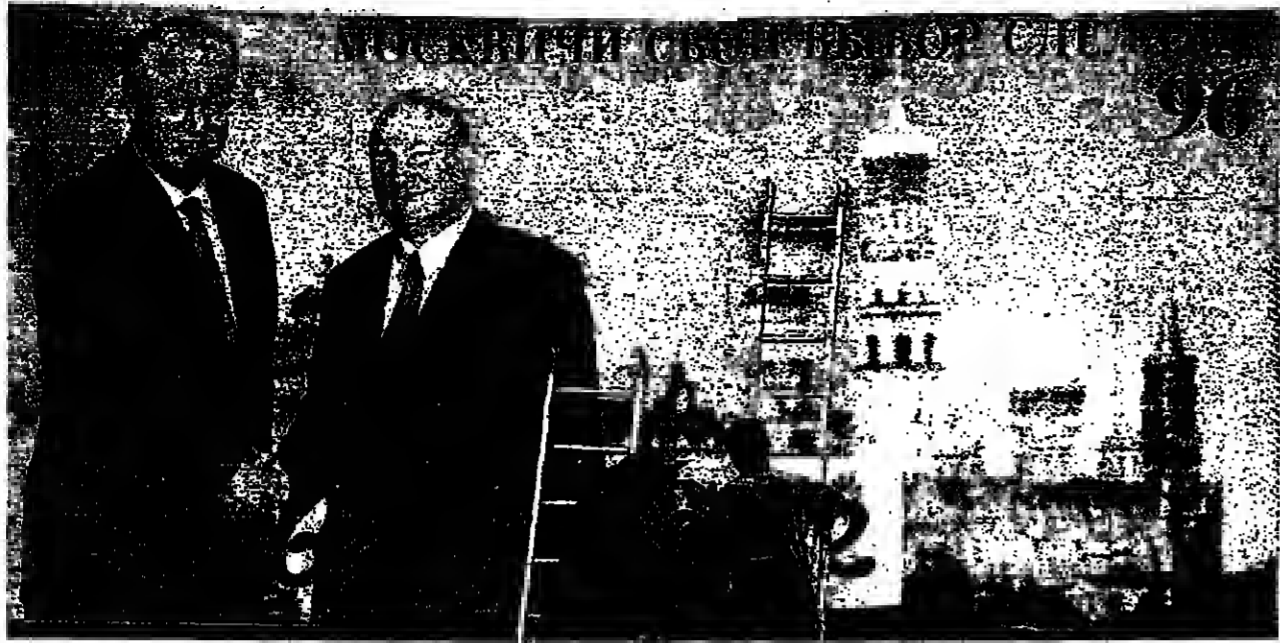
upturn in Belgium may turn out to be one of the first clear signs that business demand is improving elsewhere on the Continent.

are six months out of date. And while the fourth quarter gross domestic product figures showed a quarterly increase of 1.8 per cent, there are no first quarter data available yet.

larger than the BFR60bn recently suggested by the government. Slower growth makes it harder to reduce the deficit because tax receipts are lower and welfare costs are higher.

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Boris Yeltsin's latest election poster in Moscow also features a key ally, Mr Yuri Luzhkov, the city's combative mayor

Russian voters doubt market view of easy Yeltsin victory

By John Thornhill in Moscow

The rationally-minded western investors, who have bid up the local stock market to dizzying heights, the outcome of Russia's presidential elections is perfectly clear. Mr Boris Yeltsin topped the first round of voting with 36 per cent and has successfully co-opted Mr Alexander Lebed, the former general, who came third with 14 per cent. By ditching three hardline supporters last week, Mr Yeltsin has also moved to appease his liberal critics. That should win the support of many of the 7 per cent of the voters who backed the fourth-placed Mr Grigory Yavlinsky, whatever he might say.

The latest opinion poll, conducted by the VTsIOM organisation between June 18-20, forecasts Mr Yeltsin could win 53 per cent in the second round compared with 34 per cent support for Mr Gennady Zyuganov, the Communist party challenger. Other polls, too, suggest Mr Yeltsin is well in the lead - even if some of them suggest he is still short of an absolute majority. But will such logic may

appear overwhelming, it also appears too simple to many a Russian mind. There has been no end to furious speculation about alternative endgames in the electoral battle.

Some of Mr Yeltsin's supporters themselves believe they are far from assured of victory. As they see it, Mr Zyuganov won 24m votes in the first round and may well be able to attract several million more disgruntled voters from the ranks of the defeated candidates. Russia's 108m registered voters could easily give Mr Zyuganov a total of 28m votes, which, under some circumstances, would be enough to win.

If a combination of voter fatigue, official apathy, and the weather reduces the voter turnout from 70 per cent to 50 per cent, then Mr Zyuganov's well-disciplined cohorts could still prevail.

Mr Yeltsin's supporters are therefore desperate to mobilise the vote. They have been able to switch the polling day from a Sunday to a Wednesday when they assume more people will go to the polling stations. They are also organising a series of politically-oriented rock concerts to help persuade

young voters to turn out. Mr Yuri Luzhkov, Moscow's combative mayor and strong supporter of Mr Yeltsin, yesterday made an impassioned plea for Russians to vote at this "critical moment in our Fatherland's history" and "not allow the future of the country to slip out of our hands".

"The vote of each one of you can be decisive," Mr Luzhkov said.

But the danger of voter disillusionment appears strong given the antipathy felt towards both candidates by many Russians. In particular, it is unclear how motivated the supporters of the eight defeated presidential candidates will be to vote in the second round.

Mr Lebed's sway over his supporters, for example, does not even fully extend 200km out of Moscow to his own parliamentary constituency of Tula. A straw poll in the streets of the dusty military town last week found Mr Lebed's supporters were far from guaranteed to line up behind Mr Yeltsin as the former general commands. Mr Valery Shestakov, a 54-year-old odd-job man who backed Mr Lebed in the first

round to restore order in Russia, says he would now vote for Mr Zyuganov. "Lebed says he will fight against crime and corruption. But the biggest criminal in Russia is Yeltsin for starting the war in Chechnya and they say Chernomyrdin [the prime minister] is a billionaire. Will Lebed arrest them both?" he asks.

Mrs Tamara Yurishcheva, a fierce Lebed loyalist and head of his local campaign team, admits a lot of his supporters were in shock when they learned he had moved into the president's camp. "Many people were crying when they heard the news and did not know what he was doing," she says. "There is a possibility that our people simply will not vote."

If Mr Yeltsin's private opinion polls do turn gloomy, few rule out the possibility that the president would look to cut a pre-election deal with Mr Zyuganov - especially after the Communists yesterday opened the door to the formation of a coalition government in return for amendments to the Constitution. But for the moment, a buoyant Mr Yeltsin appears to have more zest for the fight than Mr Zyuganov and is determined to win outright.

Brussels accuses Kohl of blocking transport networks

By Lionel Barber in Brussels

The European Commission yesterday pointed the finger at Chancellor Helmut Kohl of Germany for blocking the extra Ecu1bn (\$1.23bn) funding needed to launch the EU's showcase transport networks. Brussels officials said yesterday that the chancellor had changed his mind at the weekend EU summit in Florence after pressure from Mr Theo Waigel, the German finance minister.

Mr Waigel later combined with Mr Kenneth Clarke, UK Chancellor, to block the Ecu1bn funding plan.

The deadlock over the trans-European networks was a political setback for Mr Jacques Santer, president of the European Commission, who thought he could count on Mr Kohl's support.

Mr Santer had hoped to use the launch of the networks as a symbol for the EU's commitment to the region's 18m unemployed and to bolster competitiveness in Europe through a so-called Pact of Confidence between governments, employers and trade unions.

The Commission took the unusual step yesterday of publishing a list of projects which could have gone ahead if extra EU funds had been made available. At the top of the list was construction work on the Ertur/Nuremberg high-speed train in

Germany. Other delayed work includes a trial bore of the base tunnel through the Brenner Pass; completion of the Brussels-Frankfurt section of the rail-link between Paris and London via Cologne and Amsterdam; acceleration of work on the French and German sections of the high-speed TGV east destined for Kiev and Moscow;

Commission president Jacques Santer saw the launch of the networks as a symbol of the EU's commitment to its 18m unemployed

construction of a trial bore for the base tunnel between Turin and Lyons.

Other projects delayed are the conclusion of a financing plan for public-private partnerships on the Athens ring road; launching of studies on the international section of the TGV south; and funds for choosing public-private partnerships for the Nordic Triangle transport projects.

Mr Santer's original proposal was to shift Ecu1.7bn of underspending from the

EU farm budget to trans-European networks and EU research and development. Mad cow disease killed off the plan as estimates for compensation to EU farmers rose to Ecu1.6bn this year. Also officials conceded that it would have been very difficult to reach the required unanimity among member states.

Mr Santer's second compromise was to ask member states to commit to the funding of Ecu1bn for TENs networks, but defer disbursement to 1998-99.

This move only required a qualified majority of countries. Germany, Sweden and the UK raised objections, while the Dutch had reservations.

However, Chancellor Kohl's decision to block was decisive and was linked to the Bonn government's DM50bn austerity plan needed to help Germany meet the Maastricht targets for European monetary union, said an official.

German officials said in Florence that the networks had received generous support from the European Investment Bank, and the delay in launch was due to the lack of compatible national standards as well as insufficient confidence among private investors.

But the European Commission said yesterday that the Ecu1bn would have acted as a catalyst for more funding from the private sector.

Gummer to seek 5%-10% cut in gas emissions by year 2010

Global warming call for EU

By Leyla Boutou, Environment Correspondent

Britain will today urge its European Union partners to make a firm commitment to cut greenhouse gas emissions, associated with global warming, by the year 2010.

Mr John Gummer, the environment secretary, will ask the EU to urge the developed world to cut its emissions by between 5 per cent and 10 per cent by 2010. "If the EU does not call for a reduction, nobody will," said one UK official yesterday.

Today's meeting of environment ministers in Luxembourg is the EU's last chance to agree a common stance before international climate change talks in Geneva next month.

Many developed countries will not even honour a pledge

which was entered into at the Rio de Janeiro environmental summit in 1992 to cut emissions to 1990 levels by the year 2000. The Geneva talks aim to edge closer to agreeing reductions for the next century at a final round of negotiations to be held in Japan next November.

Mr Gummer's initiative is ambitious for Britain, which is likely to have virtually achieved the proposed cuts as early as 2000 - thanks in large part to its switch to gas-fired power stations. It expects its emissions by the year 2000 to fall 4-5 per cent below 1990 levels.

But Mr Gummer will argue that this modest stance is the least the EU can do to take the lead on global warming in the absence of leadership from the US.

He will say that it is not realistic to ask developed countries to do more, given that many including the US, will not even be able to cut emissions to 1990 levels by the year 2000.

Calling for modest precautionary measures that will cost nothing - such as more efficient use of energy - a UK official said that there was "no political mandate for painful action" on global warming because few people took it seriously.

"Many people assume that the effects of climate change will be benign - the Costa del Sol coming to Brighton. But even small changes in climate and temperature can have big effects on people's lives and not all of them will be pleasant," he said.

International scientists warn that the earth's temperature

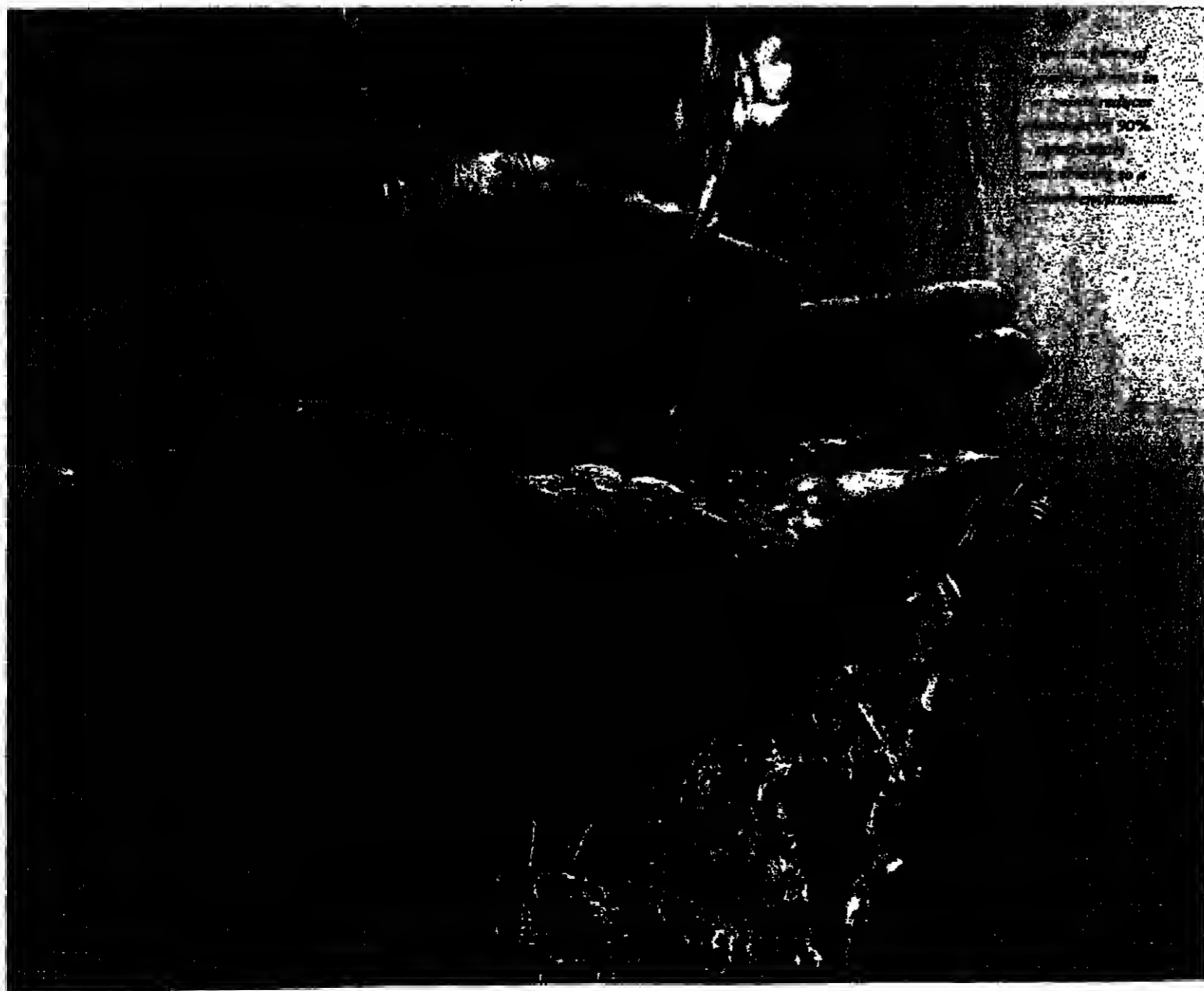
could rise by 2°C over the next century unless action is taken to stabilise emissions of carbon dioxide and other gases generated by the consumption of fossil fuels.

However, today's meeting is likely to show just how divided EU nations remain.

Denmark wants a radical 50 per cent reduction by 2030. At the other end of the spectrum, poorer EU nations such as Portugal, Ireland, Greece, and Spain want to continue increasing their emissions in order to catch up with their richer EU neighbours.

The UK believes it will have the support of Germany and the Netherlands, but not France and Sweden, which may find it harder to achieve further reductions because of their heavy reliance on nuclear energy.

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Clinton wins time in sex harassment suit

By Jurek Martin in Washington

The White House breathed a sigh of relief yesterday as a Supreme Court ruling made it highly improbable that the sexual harassment suit against President Bill Clinton will come to trial before the November election.

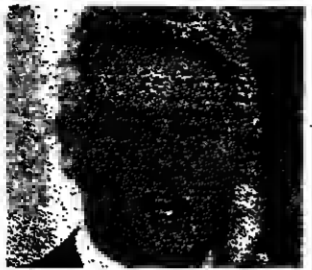
The highest bench agreed to hear oral arguments over whether the case can proceed, but not until its next full term, which begins in October. Under normal court procedure weeks or even months elapse before a judgment is issued.

It will pass judgment on the contention of Mr Clinton's lawyers that a sitting president should not "in all but the most exceptional cases" be subject to private, civil damages suits, until he leaves office.

Their brief states that no president has ever faced such an action and that to sanction such a precedent would open the floodgates to frivolous lawsuits that would impair a president's ability to carry out his constitutional duties.

Mr Mike McCurry, Mr Clinton's press spokesman, said the White House was "pleased that the court has recognised the merit of the petition put forward by the president's attorneys" on what he called "very important constitutional issues".

Ms Paula Corbin Jones, a former employee of the Arkansas government, is seeking \$700,000 in damages from Mr Clinton



Clinton: seeking a delay

for unwanted sexual overtures she alleges the then governor made to her in a Little Rock hotel room in 1991. Mr Clinton has denied the incident took place. A federal judge in Little Rock initially ruled that a sitting president could not be sued until he leaves office, but that was overruled in January by a higher appeals court. Yesterday's action renders moot for the moment the appeals court verdict.

Mr Robert Bennett, the president's chief private lawyer, had earlier provoked an outcry with a legal brief claiming that, as commander-in-chief, the president was entitled to protection under the 1940 Soldiers and Sailors Act, which permits delays in lawsuits against the military. That tactic was abruptly withdrawn.

Ms Jones's lawyers argue that her suit poses no threat to the functioning of the executive branch of government and that to delay the case would prevent her from collecting evidence "before memories fade, documents are lost and witnesses die or become incapable of testifying".

The Jones case has flickered in and out of public view ever since she first made her allegations more than two years ago. It has been kept alive in the rightwing media, though frequently taking second place to Whitewater-related matters.

Nevertheless, should the Supreme Court rule against the president and permit her case to go ahead, even after November, Mr Clinton would find himself in the embarrassing predicament of having to defend himself both in pre-trial evidence-gathering and, quite possibly, in court itself.

Reform struggles to woo Canadians

A Fresh Start for Canadians was the theme that Canada's rightwing Reform party chose for its biennial conference in Vancouver earlier this month. In fact, it was Reform itself, that needed to freshen up.

Even Reform supporters have been dismayed by the party's performance since it shot to prominence by winning 52 out of 285 seats in the 1993 general election.

The Calgary-based party has struggled to convince Canadians that it is more than a western populist movement dominated by rightwing farmers and religious fundamentalists. Its MPs have generally been a less effective opposition in the House of Commons over the past three years than the 34 members of the Bloc Quebecois, whose main goal is to promote Quebec independence.

With the next election no more than two and a half years away, Reform's future is in the balance. The real excitement of the election will centre less on which party wins than on who brings up the rear.

Prime Minister Jean Chretien's Liberals are odds-on favourites to gain a second five-year mandate. The most bruising battle is likely to take place to the right of the Liberals between Reform and the Progressive Conservatives.

The stakes are high for both parties. The Tories, who held office from 1984 to 1993, suffered a devastating setback in the last election. Although they polled the second highest number of votes across the country as a whole, they won only two seats in the House of Commons. A similar showing in the next election could put the final nail in the Tories' coffin.

Reform's challenge is to hold on to and, if possible, expand the bridgehead it gained in 1993. Founded only nine years ago, its strength has so far been concentrated in the west. All but one of its 52 seats are in the four western provinces. The party aims to win another 100 seats in the next election, but can do so only by breaking into the industrial heartland of Ontario, which elects 100 MPs, or almost a third of the total.

Disappointment at Reform's recent performance was evident among the 1,200 delegates in Vancouver. Several stressed that the party was still at the stage of learning from its mistakes. According to an opinion poll earlier this month, support for Reform has slipped to 13 per cent of decided voters, compared with 16 per cent for the Tories, the highest level since the 1993 election. The Liberals remain ahead with 53 per cent.

Reform learnt one of its toughest lessons last month when its MPs bickered publicly over a bill to extend human rights guarantees in the constitution to homosexuals.

One British Columbia MP was suspended from the caucus for suggesting that a shopkeeper would be justified in sending homosexual or black workers to the back of the store if their presence hurt his business. Another was suspended for supporting him. A third member quit the party

a platform that emphasised issues high on most Canadians' priority list, such as fiscal discipline, job creation and crime. They affirmed a policy of moving speedily towards a balanced budget, followed by tax cuts and a move to a flat tax.

By contrast, a resolution proposing that any MP who supports Quebec secession should be expelled from parliament was withdrawn. But whether this will be sufficient to convince voters in Ontario that

Reform has changed its spots remains to be seen.

The party still has a way to go before it can claim to be a national organisation. More than 60 per cent of the delegates in Vancouver were from the two most westerly provinces, Alberta and British Columbia. Scarcely a word of French was heard.

Despite the publicity generated by the Vancouver meeting, a Reform candidate came a dismal fourth - behind the Tories - in a by-election last week in Hamilton, Ontario.

Mr Manning's attempt to in protest against the antediluvian views of her colleagues.

project a more moderate image could provoke friction between the party leadership and the grassroots.

Reform often boasts of its commitment to "bottom-up democracy". It supports free votes in the House of Commons and the right of constituents to recall their MPs. However, as the recent suspension of MPs shows, Mr Manning has found it increasingly necessary to crack the whip of party discipline.

Many Reform members have no burning desire to moderate their views. A constant refrain in Vancouver was that the party should stick by its conservative guns.

The assembly adopted resolutions calling for looser gun controls and for HIV (the virus that leads to Aids) to be classified as a reportable infectious disease. One delegate advocated "abcock treatment" for criminals, in the form of a 20,000 volt shock.

Such views remain well to the right of the mainstream. However, the extent to which they hinder Reform's cause will depend partly on the Conservatives' ability to stage a comeback. That should become clearer after the Tories' policy convention in Winnipeg in August.

Mr Manning's attempt to in protest against the antediluvian views of her colleagues.

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Mr Manning's attempt to in protest against the antediluvian views of her colleagues.

Bernard Simon

AMERICAS NEWS DIGEST

Carter may be tobacco witness

Former President Jimmy Carter may be called to testify against the US tobacco industry when Mississippi's landmark lawsuit against cigarette makers reaches trial, according to court documents.

Mr Carter's name appears on a list of possible witnesses contained in documents filed last month in Jackson County Chancery Court.

Also on the list are numerous scientists and industry employees, including former researchers for R/R Nabisco's tobacco subsidiary R.J. Reynolds.

Until now, the names of former R.J. Reynolds employees have not been mentioned among industry insiders who Mississippi attorneys hope will testify.

The state is suing big cigarette makers and other members of the tobacco industry for Medicaid funds spent to treat poor people for smoking-related illnesses. Eight other states already have chosen to follow Mississippi's lead. Others, including Arizona, are also expected to take action.

Mr Carter has said that while president between 1977 and 1981 he felt pressure from the tobacco industry as it sought to avoid regulation aimed at protecting children. *Reuters, Jackson*

Foreign aid 'benefits US'

Foreign assistance programmes benefit the US economy because more than 80 per cent is spent in the US on American goods and services, a trade group said in urging a 50 per cent foreign aid increase.

The appeal was contained in a study published by the Business Alliance for International Economic Development, a coalition representing over 1,000 US businesses.

It recommends that the US match the mean level of US economic assistance of the 1990s - about \$18bn in constant 1995 dollars, up 50 per cent from \$12.1bn for the current fiscal year. Further cuts are expected in the 1997 programme.

"US economic assistance helps developing countries build the kind of physical, human and institutional infrastructure necessary to spur their economies, to foster trade and to attract private investment - the very things that make possible American exports and thereby, American jobs," the report said. It said the 1994 aid programme translated into 200,000 US jobs. *AP, Washington*

Court backs drugs strategy

The US Supreme Court yesterday upheld an important strategy in the war on drugs, ruling that the government can prosecute people while also suing them to confiscate drug-connected property. The double-barrelled legal strategy does not violate the constitution's protection against being punished twice for the same crime, the court ruled in two cases from California and Michigan.

The Clinton administration had argued that federal and state prosecutors should be allowed to seek civil forfeitures in addition to filing criminal charges. Some federal appeals courts said such forfeitures are civil remedies, not punishment. *AP, Washington*

Violence in Quebec City

Rioters broke hundreds of windows, looted shops and set fire to a government building as Quebec's national holiday celebrations turned violent early yesterday.

Five police officers were injured and about 80 people arrested in the rioting in the historic Centre-ville district of Quebec City's old quarter. The damage was estimated by police at C\$500,000 (US\$368,000).

Police used teargas and water cannons in an effort to control the riot, which started after a concert attended by about 30,000 people. The violence began when several people began breaking bottles and throwing rocks through windows.

Police responded with teargas as rioters tried to overturn cars, broke more shop windows and raged off with store contents. *AP, Quebec City*

Chilean growth rate 10.2%

Chile's monthly government index measuring economic growth showed the economy expanded a strong 10.2 per cent in April compared with a year ago, said the central bank in its monthly report.

The figure showed economic growth speeding up from March, when the Inmacec index registered an increase of 7.2 per cent, but slightly lower than the 10.5 per cent growth recorded in February. The Inmacec index is used as a rough guide to the expansion of Chile's gross domestic product. *Reuters, Santiago*

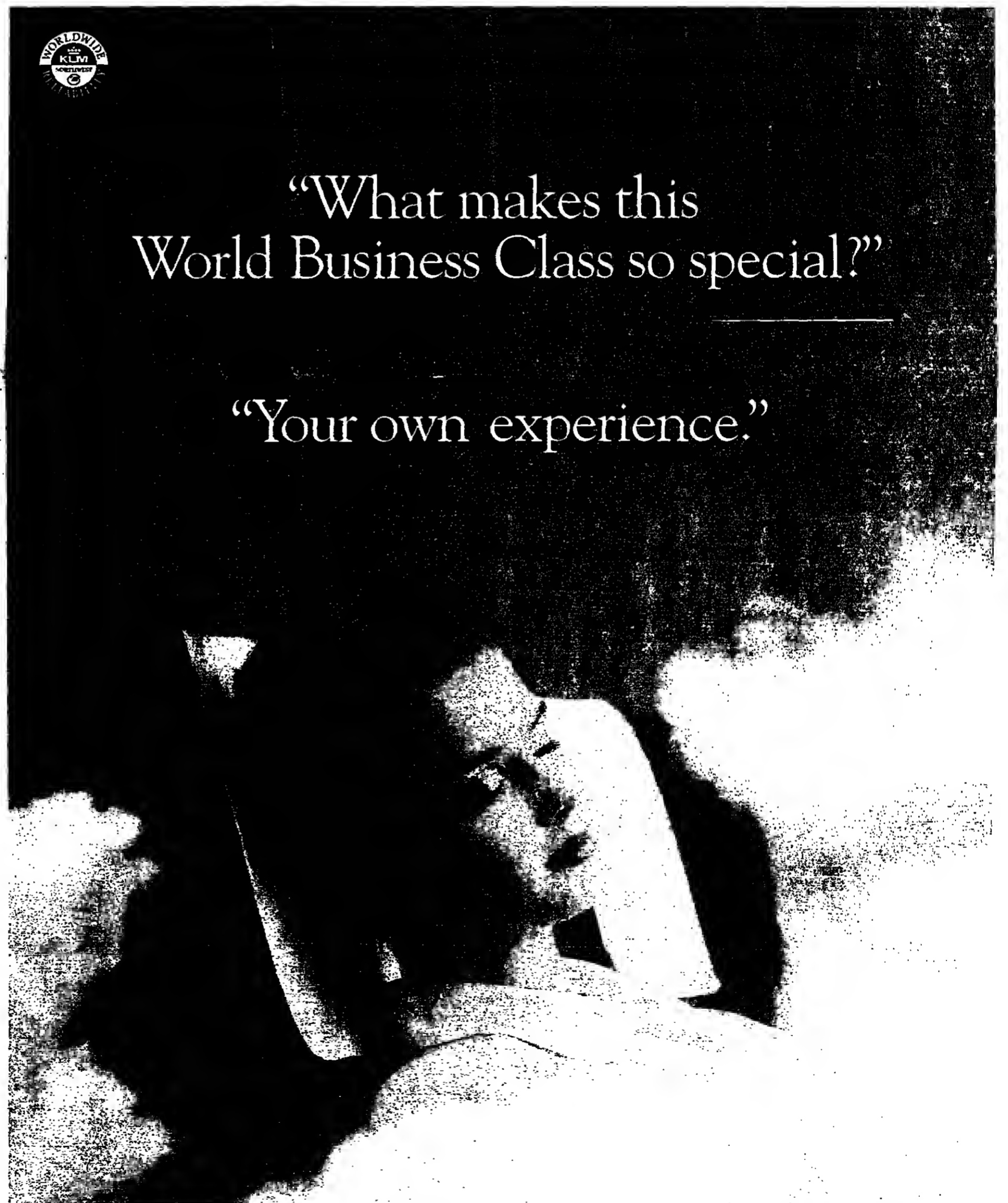
Panama poll cash probe urged

Political opponents of Panama's President Ernesto Perez Balladares have called on lawmakers to investigate the role of drug money in his 1994 campaign.

Mr Perez Balladares acknowledged on Friday that his campaign finances were tainted by a contribution from a company linked to cocaine traffickers, but said the donation was accepted unwittingly.

Over the weekend, the attorney general, Mr José Antonio Sossa, promised a "correct, objective and forthright" investigation. But political opposition leaders said a legislative commission should investigate instead.

Mr Perez Balladares' campaign accepted \$51,000 from a company tied to Mr José Castrillon Henao, reputed head of the Cali drug cartel's Panama operation. *AP, Panama City*



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Iraq to allow arms site access

Britain harder stance on whale

WORLD TRADE NEWS DIGEST

Vietnam plans second GSM

Vietnam's state-owned telecommunications monopoly, Vietnam Posts & Telecommunications (VNPT), plans to launch a second global system for mobile (GSM) telephone network...

French luxury sales up 4.1%

A strong advance in exports helped French luxury goods makers to record a 4.1 per cent increase in sales in 1995...

Ecuador agrees to pipeline deal

The Ecuadorian government has reached agreement with Arco and Agip Petroleum over the construction of a 105-mile oil pipeline in the Amazon region...

Boeing 'still in running' for China jet deal

By Michael Skapinker, Aerospace Correspondent

Boeing of the US says it has not given up hope of being China's partner in the development of a 100-seat jet...

signed in April, was a setback. However, he denied that Boeing had admitted defeat...

Senior Airbus executives agree it is too early to say that Boeing is out of the running to partner the Chinese...

If China did choose European partners for the 100-seater, Boeing might develop a jet with another Asian country...

Main points of the deal

- The free-trade agreement between Chile and Mercosur sets a timetable of eight years, starting on October 1 1996, to reach zero tariffs on most trade...

Jilted Chile hitches up to Mercosur

When Chile's President Eduardo Frei cemented his country's wedlock with the four-nation Mercosur customs union today, he may take a moment to consider what might have been...



becomes cost-effective. But creating such an export corridor provides 'extraordinary potential' for Mercosur producers...

East Asian countries competing unfairly on exports, says study

East Asian economies are competing unfairly by pursuing export drives which depend on maintaining extensive restrictions on imports and inward direct investment...



The study says the barriers included 'administrative guidance' of industry by government, legal uncertainty, denial of trading rights to foreign companies...

Washington will push at summit for transitional pact with Tokyo

Japan's rejection of a US proposal for a transitional agreement governing semiconductor trade is expected to be raised by the US at the summit of Group of Seven industrialised nations in Lyons on Thursday...

because foreign market share has soared above 30 per cent under the current agreement...

sectors with government no longer collecting data and calculating market share. It has also tabled a plan to establish a governmental World Semiconductor Council...

Advertisement for WWF project in Indonesia: 'IN INDONESIA WE PROTECT THE RAINFOREST WITH FISH.' Includes text about WWF project, fish ponds, and WWF logo.

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INDONESIA

Change is in the air

Striking economic achievements have been made, but the country still faces significant challenges in its progress up the development ladder, say Peter Montagnon and Manuela Saragosa

The sudden death of Mrs Siti Hartinah Suharto from a heart attack in April came as a rude shock to Indonesians - not because the president's wife was a particularly high-profile public figure, but because it served as a reminder that Mr Suharto, too, is mortal, and that his rule of 30 years must eventually come to an end.

Mr Suharto has still not signalled whether he will stand for a further five-year term

when his mandate expires in 1998, but, even if he does, most now assume that term will be his last. Attention has already begun to focus on the otherwise trivial question of his choice of vice-president.

That person will effectively be his designated successor, and the choice may shape the country for years to come.

Quite how and when the transition will occur remains wide open, but it will pose

some formidable challenges. Though they look unlikely to have any lasting impact on the political scene, last week's anti-government riots were a stark reminder that instability lurks close beneath Indonesia's surface.

Adding to the existing policy priorities - to complete the economic deregulation under way since the late 1980s and to find jobs for a workforce that increases by some 2m each year - are other tasks if Indonesia is to move further up the development ladder.

Riddled with corruption, the country badly needs better law enforcement and a more rational approach to policy-making. Mr Suharto's eventual successor may also be expected gradually to open up politics as a newly-affluent middle class demands more self-determination. But he will need the skills to do so without upsetting the military which still guarantees Indonesia's stability.

This is not to belittle President Suharto's achievements. He will be remembered for maintaining order in a huge country, divided by race and religion. He has brought Indonesia from the ranks of the poorest to the verge of middle income status. Per capita income is now almost exactly \$1,000, not much compared with South Korea or Taiwan but ahead of China and India.

Striking progress has been made in economic deregulation, first of the financial sector and more recently of the real economy. Steep cuts in tariffs have surprised many used to thinking of Indonesia as an inward looking country content to live off its abundant natural resources.

One of Mr Suharto's enduring legacies will thus be an economic modernisation that has pushed up Indonesia's sustainable growth rate. Crosby Securities recently put that rate at 8 per cent - coincidentally the figure achieved last year - compared with 6 to 7 per cent previously.

Record inflows of foreign investment bear this out. Approvals jumped to \$39.1bn last year from \$23.7bn in 1994

and are still growing at an annual rate of 17 per cent. Though only about half of the projects approved are ever realised, this still provides a substantial flow which will lay the groundwork for future growth.

But the prevailing mood is one of change. Dissatisfaction at Indonesia's pervasive corruption is growing. Separately there is dismay among the educated middle classes at the blatant, if perfectly legal way in which the president's children use their political connections to further their business ends.

While Indonesia begins to resemble a more modern economy, policy-making remains anything but modern. President Suharto is autocratic and his decisions often appear arbitrary. Typical is a controversial concession to his youngest son Hutomo Mandala Pradya earlier this year, granting him tax breaks to manufacture a cheap national car.

The move came out of the blue and deeply upset Toyota, which manufactures the Kijang, Indonesia's most popular current model. It brought sharply worded complaints from some US companies as well as the Japanese government and the European Union who fear it conflicts with Indonesia's World Trade Organisation obligations.

Sanyoto Sastrowardoyo, Indonesia's investment minister, retorts the concession is open to any company that can meet the local content conditions. Indonesia, which spends \$5bn a year on component imports needs an indigenous car industry as Asian markets open up. Besides, he says, the move has had no discernible impact on investment so far.

But international executives cite other examples of capriciousness. While tariffs have generally been falling, the government last year granted tariff protection to Chandra Asri, a petrochemical project also with connections to another of the president's sons.

More general worries about the unpredictable behaviour of the authorities are also rife: witness the recent dispute between the central bank and



President Suharto shares a joke with airforce chief, General Sutris Tubagus (right) and armed forces commander General Feisal Tanjung (left); the president's eventual successor may have to open up politics without upsetting the military which still guarantees Indonesia's stability

the police over the bank's right to order banks to block accounts where fraud is suspected. The central bank is responsible for bank supervision. But the police refused to back its request to Standard Chartered Bank to block an account containing funds which were allegedly caught up in a wire transfer fraud, and the British bank found some of its assets seized with police support.

Optimists say policy decisions such as those on the national car are becoming rarer. They stand out in a more market-driven economy. But Indonesia would become a more attractive base for export-related manufacture if rules were more transparent and enforced. Much investment is designed to serve the domestic market. Despite its large market Indonesia has never in the running for GM's new Asian car plant.

Private sector capital is at last helping to upgrade Indonesia's deficient infrastructure. Two large financing deals have been signed in the last year for the Paton power project. Telkom, the newly-privatised utility has signed a string of operating arrangements with

foreign companies. But such ventures will require large imports of capital goods and only generate rupiah returns. Indonesia has a large savings/investment gap. Its current account deficit, currently about 3.5 per cent of GDP is expected to remain wide for some time.

The deficit was easily financed last year, thanks to capital inflows which also allowed a \$2.7bn increase in reserves. But it will require careful management, especially since Indonesia already has \$100bn of foreign debt.

Indonesia must watch its competitiveness in the export market, but wages have been rising fast. Perhaps with a view to next year's parliamentary election, which Mr Suharto's Golkar party still seems bound to win, the minimum wage has been increased effectively by 50 per cent this year.

While there is no shortage of unskilled labour, there is a massive shortage of skills. Many of Indonesia's few accountants have migrated to the deregulated financial sector, leaving other sectors struggling to find replacements.

But perhaps the largest challenge facing Indonesia in transition will be political. Mr Goenawan Mubammad, former editor of the banned Tempo magazine, fears an explosion of tension on three fronts: racial sparked by resentment against the economically successful ethnic Chinese, religious as Islam takes a stronger hold on politics, and regional as separatists flex their muscles.

But Mr Goenawan is a noted pessimist. A common view in the business community is that affluence has given Indonesians a growing stake in stability, which will ensure the transition passes smoothly. At this stage it is anybody's guess who is right, but the risks are large. Indonesia has had no experience of political transition for the last 30 years, and the last one was bloody and chaotic. It is not for nothing that the expression "to run amok" is an Indonesian one.

The next president will have to be a person of extraordinary stature. None of those presently in the frame appear to have the skills. But then there may be some unknown leader lurking in the wings, much as Mr Suharto himself was 30 years ago. No one would then have guessed what he was set to create.

IN THIS SURVEY

- Economy: plenty of reasons to be optimistic
 - Stock markets: brisk business
 - Banking: a clean up is long overdue Page 2
 - Foreign investment plans for a national car unsettles overseas investors
 - Foreign policy: pursuing a more active role
 - Telecommunications: a market with potential Page 3
 - Power: demand for energy has expanded
 - Case study: Kordur Petroleum
 - Oil and gas: questions over the Natuna project Page 4
 - Tourism: looking beyond the Bali experience
 - Mining: rich reserves
 - Forestry: sustainable management needed Page 5
 - Nightlife: the social divide
 - Information: key facts and business guide Page 6
- Editorial production: Sarah Murray

Politics: by Manuela Saragosa

The system starts to age

An inflexible political process is out of kilter with the aspirations of the population

In the 30 years since President Suharto took over the reins of power, the most striking and worrying feature of Indonesian politics is its inability to change or offer credible alternatives to the ageing president. Despite last week's riots, the ruling Golkar party is still expected to win the parliamentary elections next year and presidential elections a year later. But the recent government-inspired attack on opposition leader Megawati Sukarnoputri has soured the atmosphere and may make the victory less decisive.

The elections will not offer real choice but that does not make them irrelevant. It is the process by which the regime reaffirms its legitimacy and as such it is crucial for Golkar to secure a large chunk of the vote.

At the last elections in 1992, Golkar won 68 per cent of the vote, down from 73 per cent the time before. Any further large slippage could tarnish the legitimacy of President Suharto's regime at a time when there is growing resentment at the length of time it has held on to power.

Less than 60 per cent of the vote would almost certainly be deemed damaging. "The system is set up in a way that [the ruling powers] will win but it has to be credible," says Mr Laksmanna Sukardi, a business consultant and treasurer of the licensed opposition Indonesian Democratic Party (PDI).

Some 425 seats in the DPR - Indonesia's equivalent of parliament - will be contested with the remaining 75 allocated to the military. Complaints about the system focus more on the process itself.

Parliamentary candidates are screened by the military, a tacit Golkar supporter, which has the ultimate veto over who runs in each district. That makes it difficult for members of the only other two permitted political parties - the Islam-based development party (PPP) and the Indonesian Democratic Party (PDI) - to win seats.

Golkar, however, must still win votes and the government has been actively trying to restrict campaigning by Ms Megawati, who has headed the

PDI since her election by party members in 1993. Over the past year, her public meetings have frequently been disbanded by the police and she has been barred from talking to her party representatives in various parts of the country.

Following the government's latest attack, the risk is that she may become sidelined despite her appeal as the daughter of the previous president. Indonesia's founding father, he was ousted by Suharto in the aftermath of the abortive 1965 coup, but is still championed by many Indonesians.

The PDI's popularity may diminish following government interference in its affairs, but public opinion is difficult to measure. Indonesia is not a homogeneous country - there are hundreds of ethnic groups and languages - and the political orientation of the popula-

tion is almost impossible to assess.

Organised opposition to the government is largely an urban phenomenon although supporters of Ms Megawati within the PDI claim that "if we wanted to we could mobilise tens of millions of people to demonstrate their support for democratic principles and practices from Aceh to Irian Jaya".

"I hope I will not have to do this," Ms Megawati said recently. "Our primary concern is to do everything possible to avoid anyone getting hurt, to guarantee public order."

Nevertheless, there have been an increasing number of riots around the archipelago to the past year. Last week some 5,000 Megawati supporters clashed violently with riot police in Jakarta. Earlier this year, students rioted against

an increase in public transport fares which led to at least three brutal killings by the military on the island of Sulawesi. Some Indonesian government officials privately point to these events as evidence of eroding respect for President Suharto's regime.

Another measure of discontent might be the growing popularity of Islam, the religion of 90 per cent of the population. It is widely believed that President Suharto established the Muslim Intellectuals Association, or ICMI, in an attempt to co-opt the Muslim vote in response to the growing popularity of the country's largest Muslim organisation, the National Ulama, which claims 30m members nationally and is a threat because of its unofficial link with Ms Megawati.

Unwittingly, the government may have added to the problem by politicising religion, some observers say. ICMI's credibility has been called into question because so many of the members on its board have affiliations with Golkar.

Others point to the blatant business activities of the presidential family as a source of dissatisfaction. An attempt by a company owned by President Suharto's grandson to charge and collect a tax on beer bottles in Bali caused an unprecedented outcry from business groups in the country earlier this year.

Against this backdrop, President Suharto must decide whether he will run again at the next presidential elections. He says repeatedly that the decision is in the hands of the Consultative People's Assembly but then most of the 1,000 seats in that assembly are appointed by the president himself.

The death of his wife and close confidante earlier this year could swing the president either way. Her death has retouched the country on the issue of mortality, bringing home the age of the president himself. On the other hand, his children, whose influence over their father must not be underestimated, have obvious vested interests in keeping him in power.

President Suharto, who turned 75 at the beginning of June and has no obvious successor, is typically vague. "The most important thing for me is to complete my term until 1998," he said recently. "But you should know that I'll be 77 then and that is old."



Order in chaos: Indonesia is a vast country divided by race and religion



Under attack: Megawati Sukarnoputri, leader of the PDI

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Aérospatiale and Dassault closer to deal

By David Buchan in Paris

A framework agreement for state-owned Aérospatiale and privately-controlled Dassault Aviation to merge their aircraft activities is imminent, Mr Charles Millon, the French defence minister, confirmed yesterday.

The government had set the end of this month as the deadline for the two companies to agree on a plan to create a joint company by the end of 1996.

Mr Millon said yesterday

that the "pilot committee" of top executives from the two companies, which is supposed to produce the plan, "is in the course of finalising conclusions which will be announced in the next few days".

Mr Serge Dassault, president and chief shareholder of the Dassault group, has for several months resisted President Jacques Chirac's plan to see the country's two aircraft makers merge, as part of France's defence restructuring.

However, under pressure from the Elysée, he last month

started to negotiate financial terms with the government, and allowed Dassault executives to begin discussions with their industrial partners with their Aérospatiale counterparts.

The government has yet received final reports from the pilot committee, or the banks retained by the companies to evaluate their respective assets. But, according to Les Echos, the French business daily, government company negotiators are close to a deal giving Mr Dassault a 27 per cent share in the new

company and the presidency of a new supervisory board. This week hinted at the likely valuation of his company's assets, when he recalled that British Aerospace had valued its share in the Airbus consortium at £1bn (\$1.54bn). The value of the civil aviation assets of Aérospatiale, which has nearly twice as large a stake in Airbus as BAA, is estimated at FF15bn. Dassault Aviation, the maker of the widely-exported Mirage jet and the new Rafale fighter for French forces, has assets said to be worth FF10bn.

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Crédit Lyonnais looks to cut 5,000 jobs

By Andrew Jack in Paris

Crédit Lyonnais, the state-owned French bank, yesterday announced plans to cut 5,000 of its 35,000 jobs by the end of 1996 as part of efforts to increase productivity.

Mr Jean Peyrelevade, chairman, presented the job loss target to union representatives at a meeting which followed several weeks of talks designed to identify areas where staffing could be reduced. The latest reductions follow a pattern started two years ago, since when the bank has announced two separate "social plans", or restructuring programmes, to cut numbers.

During the first restructuring, in 1994, the bank cut 1,124 jobs. A second plan, now under way, is designed to reduce numbers by a further 2,457.

However, the new targets represent an important increase in the total number of jobs to go, and reflect a different strategy which concentrates on specific areas of activity in which staffing will be cut rather than aiming for reductions across the entire group.

Mr Pascal Lamy, a member of the bank's management board, said yesterday he hoped to avoid compulsory redundancies by using early retirement, voluntary redundancies and more part-time working.

Crédit Lyonnais has been under increasing pressure in the past few months to cut jobs as part of wider initiatives to improve profitability and reduce operating costs. Payroll costs account for some 60 per cent of expenses.

NEWS DIGEST

Paribas 'has FF9bn of unrealised gains'

Mr André Levy-Lang, chairman of Compagnie Financière de Paribas, the holding company, said the group had unrealised capital gains of about FF9bn (\$1.74bn), not including the gain it expected to make from the sale of its 56.6 per cent stake in Pollet to Saint-Gobain. In an interview with the French daily, La Tribune Desfossés, Mr Levy-Lang said the Pollet sale should yield a further gain of almost FF7bn. Paribas' portfolio of shareholdings has a book value of about FF30bn, and the level of unrealised gains had barely fallen despite the Pollet sale, mainly because of the recent rise in share prices, he said.

Paribas intended to invest about FF20bn a year in developing sectors such as mining, energy, telecommunications and the media. It planned to maintain its 4 per cent stake in Havas and would have a 1.4 per cent stake in Canal Plus after deciding to deliver its UGC DA shares to Canal Plus's exchange offer, he said. Mr Levy-Lang said the fact that Paribas would now be a shareholder in Canal Plus, Havas, and their digital TV rival CLT, posed no fundamental problem.

Paribas recently cut its stake in CLT's parent company, Audiofin, which Mr Levy-Lang said brought a gain of FF1.5bn. He also said the group planned to reorganise the division of shareholdings between the parent company and its Banque Paribas unit in the next two years. *AFX News, Paris*

Bank of Cyprus in Guernsey move

Bank of Cyprus, the island's largest banking organisation, with a 40 per cent share of the market, is to open an office in Guernsey from July 1 and operate under the name Bank of Cyprus (Channel Islands) as part of its policy of becoming more international. The group already operates branches in Greece and the UK. The BoC unit will be administered for the time being by the Royal Bank of Canada.

The move is aimed at attracting funds deposited "secretly" by Cypriots with other banks overseas because of the currency restrictions still in force in Cyprus, said Mr Solon Triantafyllides the bank's chairman. He also said Bank of Cyprus would now lay more emphasis on private banking and try to make more funds available for Cypriots living in the UK. *Andrews Hadjipapas, Nicosia*

Alcatel Alsthom sells TV stake

Alcatel Alsthom, the French telecommunications and engineering group, is to sell its majority stake in SECE Cortaillod, the leading Swiss cable TV operator, to Cablecom Holding of Switzerland. Alcatel said it would receive more than FF2bn (\$386m) from the transaction, which is priced at SF616 a share. The company said the move was an important step in its disposal programme to sell FF10bn of non-strategic assets. *David Owen, Paris*

Air Liberté and AOM in alliance

By David Owen in Paris

Air Liberté and AOM, two medium-sized French airlines, yesterday announced an accord aimed at strengthening their position ahead of the further liberalisation of European air travel in 1997.

The code-sharing and general commercial agreement should enable the companies to allocate their aircraft more efficiently among their various French routes. It could be the precursor of a fully-fledged merger aimed at creating a predominantly French-owned private competitor for Air France's domestic arm.

Mr Lotfi Belhassine, Air Liberté's chairman, said yesterday that talks on a possible deal were now beginning and that it was the "common wish" of Air Liberté and AOM that a "good-sized private airline in France" be created.

He indicated that Air Liberté would seek to involve a number of other partners if it opted to bid for AOM. It would probably be preferable for such a deal to be concluded before airlines from other European Union countries were allowed unfettered access to the French domestic market in April 1997.

Ahold seeks \$1.8bn to pay for US buy

By Gordon Crabb in Zaandam

Ahold, the Netherlands' leading supermarkets group, is to raise \$1.8bn through a global share offering, the biggest equity issue by any Dutch company apart from privatisations.

The offer is to fund the acquisition of Stop & Shop, the north-eastern US chain for which it launched an agreed bid in April.

The \$2m new shares it plans to issue will represent some 22.4 per cent of Ahold's expanded equity, but this could grow to 24.9 per cent: provision has been made to accept oversubscriptions which would increase the size of the offer by up to 3.5m shares.

US investors are being allocated 14m shares of the total in the form of American depositary receipts, and the issue will also be marketed in the UK, France, Germany and Switzerland, with Goldman Sachs as global co-ordinator.

The prospectus assumes an offer price of FF187 a share, but final terms will be set after the

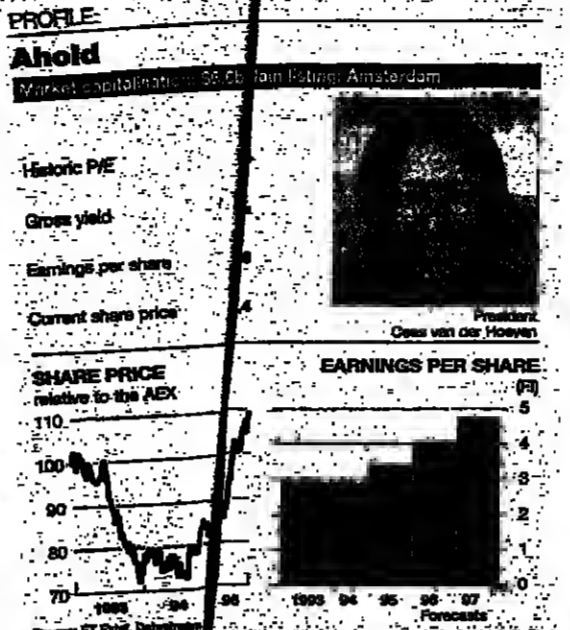
Wall Street close on July 15. Ahold has a listing site as well as in Brussels, Zurich, and Amsterdam where the shares closed FF150 higher yesterday at FF192.50.

Control of the New York quoted Stop & Shop is being sold by Kohlberg Kravis Roberts, the buy-out specialist.

Ahold, based in Zaandam, north-west of Amsterdam, operates the Albert Heijn chain domestically and already has 650 US stores through regional names such as Tops Markets, Edwards and B-I-L-O.

The US accounted for more than 45 per cent of its 29.6bn (\$17.5bn) total sales at year, from which it made it profits of FF1492m. On a pro-forma basis, the inclusion of the Massachusetts-based Stop & Shop would have boosted 1995 earnings to FF651m.

Mr Cees van den Hoeven, Ahold president, said: "Our critical mass will increase and lead to considerable cost reductions." Stop & Shop, with operating earnings of 28m last year, could improve these by



an annual \$90m in three to five years. The operations and distribution of the label existing US outlets, and without negative impact on its balance sheet.

DnB sell-off meets with strong demand

By Hugh Carnegie in Stockholm

Norway yesterday completed its biggest bank privatisation issue to date, selling a 19.9 per cent stake in Den norske Bank, the country's biggest financial services group, for Nkr2.4bn (\$377m) to a mix of domestic and foreign investors.

The 127m-share issue, which reduced the state's stake in DnB to 52 per cent, was priced at Nkr19.30 and was twice oversubscribed. DnB shares closed at Nkr19.70 on the Oslo bourse, up Nkr0.40 on the day.

The sell-off was the biggest in a series of bank privatisation moves approved by the minority Labour government to recoup some of the Nkr25bn of taxpayers' money the state was forced to pay out to rescue the banking system from collapse during a loan-loss crisis at the turn of the decade.

It brought to Nkr7.5bn the total so far closed back through the DnB and the earlier sales of all the state's holdings in Foku Bank and Union Bank of Norway and a significant portion of the state stake in Christian Bank.

The government is committed to retaining a majority stake in DnB until next year, and to thereafter hold a one-third stake in each.

The Government Bank Investment Fund said 19 per cent of the latest DnB offering was taken up by domestic institutions and 1 per cent by private investors.

SBC Warburg as the global co-ordinator, an adviser for the whole issue. Co-lead managers for the international offering were Morgan Stanley and Alfred Bergwith Fondstians and DnB onds leading the Norwegian offering.

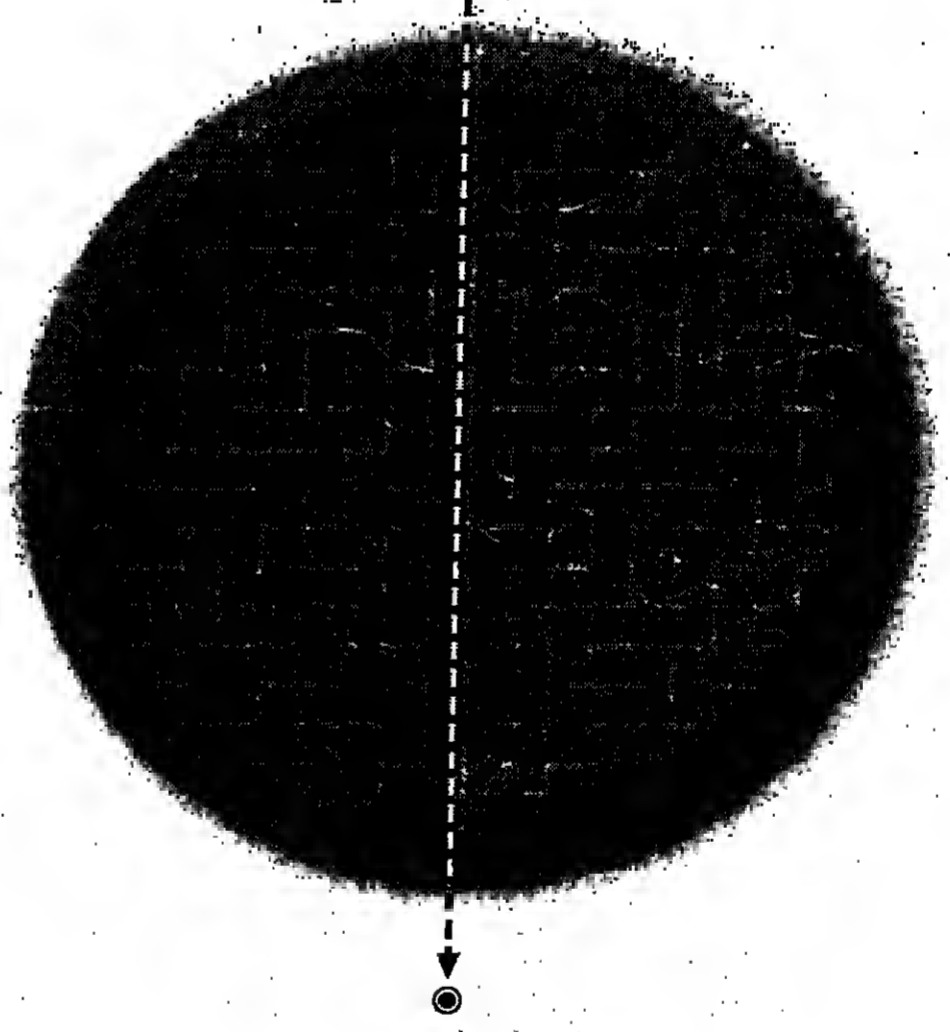
This announcement appears as a matter of record only.

have jointly acquired a 34.04% stake in the privatization of

amounting to US\$ 1,386,343,421

Advisor to the buyers

by 21. 1996



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COMPANIES AND FINANCE: THE AMERICAS

MGM bids slip below \$1.5bn as contest closes

By Christopher Parkes in Los Angeles

The deadline for offers to buy the French-owned MGM film, television and distribution group passed yesterday with only a handful of bidders in the running and lower-than-expected price forecasts.

The buy-out ambitions of MGM chairman Mr Frank Mancuso and his management team were still unclear as New Regency Enterprises and Morgan Creek Productions, both with close links to Time Warner, appeared to have a tactical edge over the richest prospect, Europe's Polygram, owned by Philips.

Expected bid levels have slipped from \$2bn-plus to less than \$1.5bn after close examination of MGM by a dozen investors, which were attracted after concerns, which were attracted initially by assets including the "Leo" lion brand, the largest distribution network in the world, and a reviving reputation as a hit-maker.

However, enthusiasm waned because of the need for heavy capital injections to keep the movie studio producing, plus worries about a Hollywood shake-out perceived to be on the horizon because of a glut of movies and soaring production and marketing costs.

Uncertainties over the status of the MGM video library, which includes the *James Bond* series and is licensed to Time Warner until 2003, have also raised concerns.

For the conservative Polygram Film Entertainment, one of the companies most consistently linked to the sale, the purchase would mark a decisive move into Hollywood with one of the best-known and least-exploited brands in the world.

Other bidders most often linked with the impending deal include entrepreneurs well versed in the ways of the US film industry and funded by assorted investors.

New Regency is controlled by Mr Arnon Milgrom, an Israeli financier, who is backed by Australia's Mr Kerry Packard and Samsung, the South Korean electronics concern. His films include *Friday* and *Under Siege*, and are distributed by Warner Bros.

Morgan Creek is believed to have backing from Sawoo, another South Korean conglomerate, and Fujisanki

Communications, the Japanese media concern, too, has close links with Warner, which may tend to favour Polygram or another outsider. The impending merger of Turner Broadcasting taken with Time Warner is being reviewed by the US anti-trust authority.

Since deal to sell MGM to a Warner affiliate would probably prompt further investigation, its owner, Cdt Lyons, might prefer a quick-cashier split from its movie assets which have cost it an estimated \$2bn in running costs since 1992.

NEWS DIGEST

AT&T in Internet service merger

AT&T New Media's Business Network is to be merged with Industry.Net, an electronic commerce venture, to create a new company focused on providing information and electronic commerce services to businesses on the Internet.

The new company, called Nets Incorporated, will be headed by Mr Jim Manzi, who joined Industry.Net in January as president and chief executive. He was formerly chairman and chief executive of Lotus Development, a personal computer software company acquired last year by International Business Machines.

Nets Incorporated will combine the Business Network's business news and information resources with Industry.Net's online marketplaces for business-to-business commerce. Financial terms of the transaction were not revealed, but AT&T will become a minority owner of Nets Incorporated and will be represented on the board of the new company.

Industry.Net, a five-year-old company that launched its Internet services last year, has attracted more than 200,000 industrial equipment purchasers and 4,500 vendors of equipment whose product catalogues appear on the Industry.Net Web site.

Mr Manzi said that AT&T, which will license the use of its name to Nets Incorporated, would help to draw more users to the electronic commerce services. "One of the keys to building successful buying and selling communities on the Web is having compelling content," he said.

Louise Kohoe, San Francisco

Sara Lee to buy Lovable Italiana

Sara Lee, the US food and consumer products group, is making the latest in a series of European acquisitions by agreeing to buy Lovable Italiana, a leading Italian maker of underwear, which is marketed under the Lovable brand name.

Lovable has annual sales of about \$115m, some of them in Italy, where it has an established distribution network, and the rest through exports to other European countries. Sara Lee said the acquisition was consistent with the company's plan to build up its portfolio in intimate apparel brands, which includes Dim, Playtex, Ball and Wonderbra.

In April, Sara Lee paved the way for a big expansion of its processed meat business in Europe by announcing that it had agreed to buy the French processed meat producer Aoste, one of Europe's largest processed meat companies, with annual sales of about \$50m. Both deals are expected to close this summer, subject to regulatory approval.

Richard Tomkins, New York

TCI and News Corp in cable deal

News Corporation's 24-hour television news service, the first substantial challenger to the established international Cable News Network, will be piped to 10m US homes this autumn by Tele-Communications Inc, the leading cable television provider. TCI, which gains an option to take a 20 per cent non-voting stake in the channel as part of the deal, will roll out the new service to 90 per cent of its 14m customers in the next two years.

The agreement, announced yesterday, tightens links between TCI and Mr Rupert Murdoch's News Corp, which already includes a 50:50 partnership in a projected global network of sports television services. Reports that Mr Murdoch was prepared to pay cable providers as much as \$10 for every subscriber signed up are understood to have prompted ABC, the Disney-owned TV network, to shelve its plans for 24-hour news.

Christopher Parkes, Los Angeles

Alumax aims to make its metal more precious

The US group is focusing on high-value output as well as cheap primary aluminium, says Kenneth Gooding

Mr Allen Born, chairman of Alumax, third largest of the US aluminium groups, says he wants to attract more European shareholders because they tend to be long-term holders. He suggests, only half jokingly, that for many US shareholders, "36 days is long-term".

His jaundiced view of American investors springs partly from a recent skirmish with Kaiser, a smaller US aluminium group that threatened to force through a merger with Alumax.

Mr Born and his board fought off these overtures, something they were well-prepared for. Only 18 months ago they looked closely at acquiring Kaiser, which is 60 per cent owned by Maxxam, a quoted group controlled by US financier Charles Hurwitz. "The deal did not make sense," says Mr Born. "We did not see sufficient synergies. We did see major problems."

Kaiser's chief executive, Mr George Haymaker, claimed, when backing away in March, that there had been "every indication" Kaiser would have received "very significant support" from Alumax shareholders. However, an aggressive approach by Kaiser "would not likely result in a constructive dialogue between the companies".

Fewer than 10 per cent of Alumax's shareholders are in

Europe, in spite of the group's being listed on the Belgian bourse. Mr Born expects a listing on the London Stock Exchange, via an introduction by broker SBC Warburg within the next few days, to help increase the number.

Alumax, which is also quoted in New York and Toronto, employs 15,000 in more than 100 plants, mainly in the US, but is known in Europe because of its Kawneer subsidiary, which makes engineered architectural building products.

Alumax, which has revenues of \$2.5bn and assets of \$3bn, is less than three years old in its present form. It was part of Amax, whose non-aluminium assets were merged with Cyprus Minerals on a 50-50 basis in 1993.

Mr Born, now 63, who joined Amax in 1987, engineered the Cyprus Minerals deal, which also involved Alumax shares being distributed to Amax holders. He agreed to spend the first five years after the spin-off as chairman and chief executive of Alumax. Mr Born is also vice-chairman of Cyprus Amax.

At Alumax he has been spearheading substantial changes, focusing operations on specialised, high-value products as one of the world's lowest-cost producers of primary aluminium. Alumax is also

looking for growth in developing country markets.

Nowhere is this re-positioning more obvious than in Alumax's transformation of its downstream businesses. In January it paid \$430m cash for Cressona, a private company that expanded Alumax's downstream capacity by 30 per cent. Capital projects could result in another 15 per cent expansion by the middle of next year, representing total downstream capacity expansion of more than 50 per cent in 18 months.

Cressona turned Alumax into the world's biggest aluminium extruder - doubling its capacity to produce extrusions - and Mr Born says the industry expects the supply of extrusions alone to grow by more than 10 per cent a year for at least the next five years.

On conservative estimates, Alumax should be able to see annual growth of 4 per cent to 5 per cent and this would raise its annual extrusion output to more than 800m pounds.

"Under the right circumstances we could grow at a rate of closer to 10 per cent a year and that would top our goal of 1bn lbs a year."

Mr Born worked on the Cressona deal for a year and at the end of that time paid the price he had first suggested. Cressona, which had revenues of

\$490m and shipped 350m lbs of aluminium parts annually, had been consistently profitable for 15 years but needed to go into an entirely new business if it was to continue growing.

Also, to take advantage of demand from carmakers, which need to make lighter vehicles, Alumax has launched a series of plants to make semi-solid forged aluminium parts. Born says this technique "enables you to produce a near-finished part with one swift stroke of a forging press".

As Alumax wishes not only to keep pace with its own primary metal requirements, but also to continue to sell about 30 per cent of its aluminium output to other customers, it is having to consider adding to its smelting capacity from 2000 onwards. Iceland is the most likely location.

Another indication of Alumax's new approach was the conversion of its Texarcana, Texas plant from the production of can sheet and bid stock to a general purpose mill - marking Alumax's exit from the can stock business.

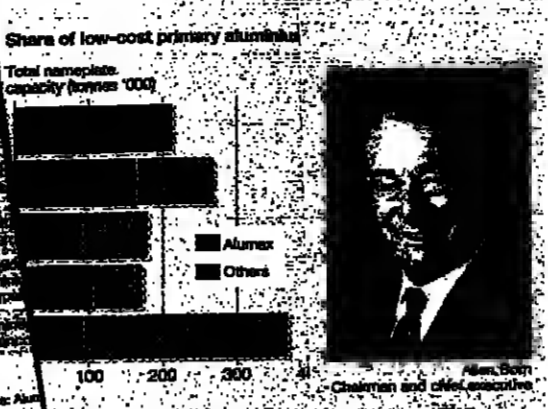
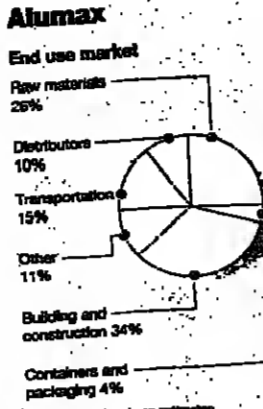
"We're not waiting resources on low margin, commodity

products that could be dumped in my backyard."

Alumax's total capital expenditure will rise from \$214m last year to \$340m in 1996 before falling to an annual \$300m, says Lawrence Frost, chief financial officer. Gearing was 48 per cent when Alumax was spun off and fell to about 35 per cent before the Cressona purchase, which took it back to 42 per cent - relatively high for the industry. Mr Frost says the plan is to stay between 30 and 35 per cent.

Sales of non-core assets have brought in \$302m so far - \$142m for the sale of 14 per cent of the Inbalco smelter to a Japanese consortium; \$160m for Mexican mining assets sold to Industrias Panoles; and \$90m for 23 per cent of the Mt Holy variation sold to the Glencore trading group.

Mr Born says there might be more. "The board prefers to use cash-lic to get debt down and implement the restructuring, he says, when this is completed dividend payments will follow. Alumax also has approved a share buy-back program, "but that won't happen tomorrow".



Allen Born, Chairman and Chief Executive

The advertisement features a collage of newspaper clippings and financial data. The text is partially obscured but includes phrases like "clients' money", "reputation", "award winners", and "Best Team". At the bottom, there is a logo for "SOCIÉTÉ GÉNÉRALE".

**Four wins in a row...
Go with the flow!**

The advertisement shows a line graph with four peaks representing awards in 1994, 1995, 1996, and 1997. Below the graph, it lists award statistics:

- 1994: Best Team + 6 sectoral nominations, 1 award winner
- 1995: Best Team + 9 sectoral nominations, 5 award winners
- 1996: Best Team + 9 sectoral nominations, 5 award winners

Text on the right side of the ad reads: "visibility and significant impact on the market. Expertise that only years of experience and a commitment to producing reliable, impartial research can provide. Visibility and impact that flow from Société Générale's worldwide securities network and investors' confidence in the advice they receive."

At the bottom, it says: "To make the best of the investment opportunities of tomorrow, be sure you're talking to the winning team today."

Contact information: "Call me about Société Générale's award winning research, call Gene in Paris on (33 1) 42 13 48 73, Hugh Hughes in London on (44 171) 638 9000, Dominic Freud in New York on (1 212) 278 5302."

سكنا من الاصل

NEWS DIGEST

Derivatives revamp urged in Australia

A government advisory committee has recommended a shake-up of Australia's derivatives markets. The changes will essentially remove the distinction between futures and securities-based products, and allow any authorised exchange to handle standard derivatives transactions.

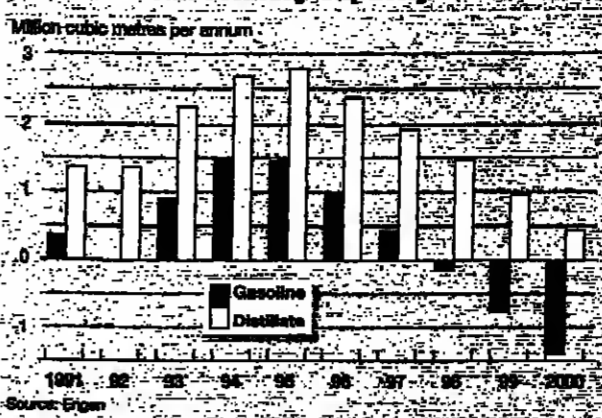
Petronas taps potential of sanction-free S Africa

Its investment in Engen comes as oil industry controls are being dismantled, writes Mark Ashurst

The acquisition by Petronas, the state-owned Malaysian oil and gas company, of a 90 per cent stake in Engen, the South African oil refiner and retailer, was an unexpected omen for a liquid fuels industry on the brink of radical change.

stake on completion. "We are looking for a smaller stake in a new operation - a normal portfolio investment. Criticism that local conglomerates will not let foreigners into the economy is simply not true," he said.

South African refinery capacity



Further synergies are possible in the upstream business, where Engen has a 60 per cent stake in its recently listed subsidiary Energy Africa, which has extensive prospecting rights to oil and gas fields.

A deal that shows the way forward for the oil industry

The Petronas/Engen deal could one day be seen as the model for a series of alliances between emerging oil companies in Asia, Africa, the Middle East and Latin America, say bankers and oil industry analysts.

turnover of \$300m a year. But many observers foresee strong growth emerging over the next few years from newly industrialising oil states.

between South Africa and Malaysia provided a favourable backdrop. So can the Engen/Petronas deal be replicated? Mr Lambert believes there are "a whole range of alliances to be done".

Renison builds Cudgen RZ stake

Renison Gold Fields, the Australian mining group in which Britain's Hanson holds about 40 per cent, has acquired a 19.9 per cent stake in Cudgen RZ from a subsidiary of South Africa's Cenacor.

Azon board recommends \$300m bid from ITW

Illinois Tool Works, the diversified Chicago-based group, has come in as the rescuer of Azon, the Australian manufacturer of plastic components.

Van der Horst expands

Van der Horst, the Singapore engineering and infrastructure group, has agreed to buy 35 per cent of PT Super Indah Makmur, the Indonesian packaging company, for Rp48.49bn (\$1.7bn).

Garuda listing in 1988

Garuda, Indonesia's state-owned air carrier, will be listed on domestic stock markets in 1998 after restructuring its finances.

Nihon Cement back in black

Nihon Cement, one of Japan's three largest cement companies, said yesterday it swung to a consolidated pre-tax profit of Y3.49bn (\$32m) for the year ended March 31.

Asustek sets IPO price

Asustek Computer, one of the leading makers of computer mother boards, has set a tentative price of NT\$96 each for the 25m shares slated to be floated in its initial public offering.

Room shortage lifts Indian hotels

India's leading hotel companies recorded strong profit increases for the year to March as luxury hotels reported occupancy rates of 30 per cent - some of the world's highest.

Room shortage lifts Indian hotels

India's leading hotel companies recorded strong profit increases for the year to March as luxury hotels reported occupancy rates of 30 per cent - some of the world's highest.

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Options and Futures trading requires constant monitoring of positions. These instruments carry a high degree of risk if not properly managed. Profit can quickly turn to loss as a result of price movements. Options and Futures trading requires knowledge and sound judgement.



COMPANIES AND FINANCE: UK

New Woolwich chief backs float

By George Graham, Banking Correspondent

The Woolwich Building Society yesterday ended three months of speculation over whether it was still on course for a 1997 stock market flotation when it appointed a new chief executive.

Mr John Stewart, the group operations director who has spearheaded the Woolwich's expansion into the insurance industry and on to the Continent, will replace Mr Peter Robinson, who was forced to resign in April after a row over his expenses.

Mr Robinson's resignation raised doubts over how firmly the Woolwich was committed to the plans it announced in January to convert into a bank and float on the stock market.

Banks and insurance companies which have been eager to buy a building society hurriedly dusted off their files on the Woolwich, hoping its sudden management hiatus might lower the price. But Mr Stewart said yesterday the society was "hang on schedule" for conversion and a flotation probably in the middle of next year.



John Stewart: hang on schedule for a bank and flotation

"I think there has maybe been a feeling that people could get this business on the cheap. Well, if you are serious, you are going to have to put up a lot of money," he said. He acknowledged the Woolwich had more telephone calls about an acquisition bid, but he had not had any offers.

Mr Stewart said the converted Woolwich would not be a large universal bank, but would be "big enough to compete on our own in the sector we have chosen. We don't need a partner. If someone needs us, they are going to have to pay a very high price for a group of companies that is now extremely successful."

The society is one of the largest UK mortgage lenders with £28bn (£42.8bn) of assets at the end of last year.

Sir Brian Jenkins, the society's chairman, said Mr Stewart had been carefully measured against a field of external candidates and was "without question, the right man to lead the Woolwich to conversion and flotation next year."

However, the selection process has taken longer than the Woolwich had originally hoped.

Mr Robinson yesterday applauded Mr Stewart's appointment. "I think he is a natural successor. It's a good appointment to keep them on course for conversion."

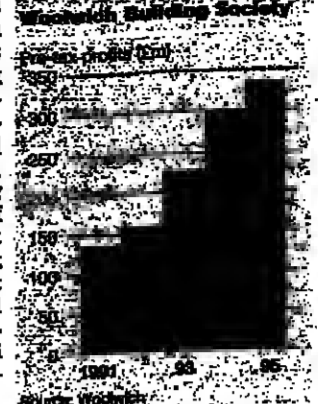
Woolwich officials said a settlement with Mr Robinson was expected this week.

LEX COMMENT Woolwich

That Mr John Stewart has been with the Woolwich almost all his working life is no criticism of the building society's new chief executive. But by opting for a relatively unknown, as opposed to a heavyweight outsider, Woolwich has done nothing to increase its chances of making it to conversion next year as an independent entity. The good news is that however much the board may hanker after independence, a takeover would almost certainly serve members' interests better.

For one thing, a bidder would have to offer a premium to win control, and members would get their cash windfall more quickly. For another, Woolwich's medium-term prospects look distinctly mixed. If members hang on to their shares after conversion, they face a strong likelihood that mortgage-lending margins will come under further pressure. And like so many others in the financial services sector, Woolwich is filled with an ill-defined enthusiasm to rush out and make acquisitions. With five years protection from takeover on offer, after conversion, there are few disciplines to keep a spending spree under control.

Fortunately, the Woolwich's keen advocacy of consolidation in financial services will make it rather hard to argue that a bidder has no case. If Mr Stewart thinks it makes sense for the Woolwich to buy a life insurer or another building society, the logic should work the other way round. Although the Woolwich could always take a leaf out of Abbey National's book when it was courting National & Provincial and make its bid public.



Zeneca wins US approval

Zeneca, the UK's third largest drugs company, has won approval to sell its new Merrem antibiotic in the US, the world's biggest medicines market. Although Zeneca is best known for cancer and heart disease drugs, Merrem promises to be one of its more important products. Analysts' peak sales forecasts range up to \$500m (£227m) a year.

Merrem is a "broad spectrum" antibiotic which can be used by adults and children for different infections. It works "against many different bacteria, including some that are resistant to other antibiotics," according to Zeneca. In the US alone about \$5.9bn is spent annually on the treatment of infections with antibiotics, said Zeneca.

Maower adjourns EGM

Mayflower engineering company adjourned its EGM in a position after its £220m takeover bid for Pullar US automotive group, was trumped from Texaco conglomerate.

paid rights shares would not start today, as originally scheduled. Mayflower, which is seeking to become a global vehicle systems supplier and vehicle builder, is believed to have been encouraged to consider counter-bidding Texaco's offer by a closer examination of some \$200m in tax losses incurred by Pullar.

| Company | Revenue (£m) | | Profit (£m) | | EPS (p) | | Dividend (p) | Date of payment | Total for year | Total last year |
|--------------------|------------------|--------|-------------|--------|---------|--------|--------------|-----------------|----------------|-----------------|
| | T | M | T | M | T | M | | | | |
| American Endeavour | 3.57 | (8.8) | 5.13 | (2.61) | 9.43 | (4.8) | 5.2 | - | 5.2 | - |
| App'l Heliographes | 8.06 | (6.37) | 0.178 | (0.67) | 0.711 | (2.08) | - | Aug 16 | 7.16 | 11.2 |
| BIF | 20.1 | (21.6) | 5.51 | (4.02) | 9.8 | (11.5) | 1.5 | Jul 26 | - | 6.5 |
| Braxator Trust | 6 mths to Mar 31 | 20.1 | (0.0254) | 0.0771 | 0.111 | (0.28) | - | - | - | - |
| Brownchild Cases S | 6 mths to Feb 29 | 0.0754 | (0.0009) | 0.0252 | (0.454) | 0.29 | - | Oct 1 | - | 0.1 |
| John Lashby | Yr to Dec 31 | 15.7 | (14.5) | 73.8 | (18.34) | 5.084 | 1.4 | - | 1.4 | 0.9 |
| Buss | Yr to Dec 31 | 41.9 | (64.7) | 2.27 | (2.00) | 5.9 | (6.43) | - | 1 | 1 |
| Sullivan | Yr to Mar 31 | 31.4 | (26.7) | 0.267 | (0.595) | 1.91 | (2.28) | Aug 19 | - | 0.4 |
| Secure Retirement | Yr to Dec 31 | 1.8 | (2.58) | 0.143 | (0.141) | 0.917 | (1.29) | - | - | - |
| Theraplex | Yr to Dec 31 | 3.7 | (2.0) | 0.143 | (0.141) | 0.917 | (1.29) | - | - | - |

NOTICE OF EARLY REDEMPTION
Crédit Lyonnais
US\$ 1,250,000,000 Floating Rate Notes due 1998

Pursuant to paragraph 3(d) Redemption at the option of the Bank of the terms and conditions of the Notes, notice is hereby given that the Bank will redeem at par on the next Interest Payment Date (i.e. July 31, 1996), a nominal amount of US\$ 250,000,000.

The Notes bearing the following serial numbers have been drawn by lot in the presence of a Notary Public and may be presented for redemption to Kredietbank S.A. Luxembourg, 43, Boulevard Royal, Luxembourg:

Denominations of US\$ 1,000: N° 97,022 to 122,022 incl.
 Denominations of US\$ 10,000: N° 125,269 to 135,269 incl.
 Denominations of US\$ 100,000: N° 175,001 to 175,250 incl.
 Denominations of US\$ 1,000,000: N° 180,251 to 181,250 incl.

Notes surrendered for redemption must have coupon due October 1996 and subsequent attached.

Payment of interest due on July 31, 1996 and reimbursement of principal will be made in accordance with the terms and conditions of the Notes.

Interest will cease to accrue on the above drawn Notes as from July 31, 1996.

Amount remaining outstanding:
 US\$ 1,000,000,000

Kredietbank Luxembourg
 Luxembourg, June 25, 1996

SUN LIFE GLOBAL PORTFOLIO
 Société d'investissement à capital variable
Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Shareholders of Sun Life Global Portfolio will be held at 14 rue Aldringen, Luxembourg on 10th July 1996 at 3.30 pm for the following purposes:

- To hear:
 a) the management report of the Directors,
 b) the report of the Auditors,
 c) the report of the Directors and the Statement of Operations for the year ended 31st March 1996.
- To approve the Statements of Total Net Assets and the Statement of Operations for the year ended 31st March 1996.
- To discharge the Directors with respect to the performance of their duties during the year ended 31st March 1996.
- To elect the Directors to serve until the next Annual General Meeting of Shareholders.
- To elect the Auditors, specifically KPMG Audit, to serve until the next Annual General Meeting of Shareholders.
- Other matters.

By Order of the Board of Directors
 14 rue Aldringen, Luxembourg
 25th June 1996

NOTE: Approval of the above resolutions will require the affirmative vote of a majority of the shares present or represented at the Meeting with not less than 50% of the shares present or represented in order for a resolution to be passed. Each whole share is entitled to one vote. A shareholder may act by proxy.

GIVE US A STAPLE

And don't forget to add your cheque to fund more Macmillan Nurses to help 1,000,000 people living with cancer. (1 in 3 of us will get cancer)

Cheque amount £..... made out to 'CRMF (F3)'

Please send it to:
CRMF FREEPOST LONDON SW3 3BR

THE Macmillan
 APFPL

Cancer Relief Macmillan Fund exists to support people with cancer and their families.
 Regd. Charity No. 261017

SPANISH NUCLEAR MORATORIUM
FONDO DE TITULIZACION DE ACTIVOS RESULTANTES DE LA MORATORIA NUCLEAR
RESULTS OF THE AUCTION

In accordance with the Auction Conditions for the Auction to Select Financiers of the Fondo de Titulización de Activos resultantes de la Moratoria Nuclear, the auction was held on June 20, 1996, in the Dirección General del Tesoro y Política Financiera, Paseo del Prado, 6, Madrid, with Mr Federico Ferrer Delso, as representative of the Dirección General del Tesoro y Política Financiera, acting as President of the Auction Table, and Mr Antonio Fernández-Gallo, Notary and clerk of the Colegio Notarial de Madrid, as Secretary.

In accordance with the Auction Conditions, the award resulting from the Auction implies the full and automatic assumption by the awarded institutions of the obligations arising from the Bonds and of the Amounts of Loan A and B respectively awarded. The awarded institutions must appear for the signing of the Certificate of Award of the Bonds and the Public Deeds of the Loans, as appropriate, at the place and date indicated below. The disbursement of the amounts awarded must take place on July 4, 1996, in accordance with the procedure established in the Auction Conditions.

In conformance with Condition 9.7 of the Auction Conditions, the Certificates of the Auction, to which the Bids filed will be attached, will not be made public, and will be retained by the Notary, who will only deliver it to the competent Judge in the event of litigation, without prejudice to the Bidding Institutions right to request from the Notary, at their cost, confirmation of the inclusion of their Bids in the Auction procedure and of the results of the Auction.

BONDS

a) Institutions awarded the Bonds and amounts awarded:

| | |
|----------------------------------|----------------|
| - Banco Bilbao Vizcaya, S.A. | 50,000,000,000 |
| - Morgan Stanley & Co. Int. Ltd. | 50,000,000,000 |
| - Caja de Madrid | 45,000,000,000 |
| - Bilbao Bizkaia Kutxa | 35,000,000,000 |
| - Bear Stearns Int. Ltd. | 18,000,000,000 |
| - Caja del Mediterraneo | 10,000,000,000 |
| - Unicaja | 5,000,000,000 |
| - EBN Banco | 1,000,000,000 |

TOTAL AWARDED (Pesetas): 215,000,000,000

b) Margin over LIBOR applicable to the Bonds resulting from the Auction: 0.067%.

c) The signing of the Certificate of Award of the Bonds will take place on June 25, 1996 at 11:00, at J&A GARRIGUES ABOGADOS, José Abascal, 45, 28003 Madrid.

LOAN A

a) Institutions awarded participations in Loan A and participation amounts:

| | |
|---|-----------------|
| - Banco Central Hispanoamericano S.A. | 125,000,000,000 |
| - Banco Bilbao Vizcaya S.A. | 88,000,000,000 |
| - Confederación Española de Cajas de Ahorro | 37,000,000,000 |
| - Banco Exterior de España S.A. | 26,000,000,000 |
| - Caja de Madrid | 24,000,000,000 |
| - Bilbao Bizkaia Kutxa | 15,000,000,000 |
| - Unicaja | 5,000,000,000 |
| - Banco Alfas S.A. | 2,000,000,000 |

TOTAL AWARDED (Pesetas): 322,000,000,000

b) Margin over MIBOR applicable to Loan A resulting from the Auction: 0.029%.

c) The signing of the Public Deed of Loan A will take place on June 25, 1996 at 12:00, at J&A GARRIGUES ABOGADOS, José Abascal, 45, 28003 Madrid.

LOAN B

a) Institutions awarded participations in Loan B and participation amounts:

| | |
|---|----------------|
| - Banco Central Hispanoamericano S.A. | 88,000,000,000 |
| - Banco Bilbao Vizcaya S.A. | 34,000,000,000 |
| - Caja de Madrid | 20,000,000,000 |
| - Bilbao Bizkaia Kutxa | 15,000,000,000 |
| - Banco Exterior de España S.A. | 7,000,000,000 |
| - Confederación Española de Cajas de Ahorro | 6,000,000,000 |

TOTAL AWARDED (Pesetas): 178,000,000,000

b) Margin over MIBOR applicable to Loan B resulting from the Auction: 0.030%.

c) The signing of the Public Deed of Loan B will take place on June 25, 1996 at 13:00, at J&A GARRIGUES ABOGADOS, José Abascal, 45, 28003 Madrid.

Madrid, June 24, 1996
 Titulización de Activos SGFT, S.A.

This appears as a matter of record only
 June 1996

gp4

Tarmac

Fazley Prison Services Limited

£95,500,000

Project Financing Facilities

First M...ct Financing under the U.K. Private Finance Initiative

Arranged by:

ABN AMRO N.V. Bank of America International Limited

Lead Managers:

ABN AMRO Bank of America NT&SA
Bayerische Girozentrale Berliner Bank AG (London Branch)
Credit National Kredietbank N.V. Project Finance

The Royal Bank of Scotland plc

Manager:

Union Européenne de CIC

Agent:

America International Limited

ABN bank **Bank of America**

تكنولوجيا المعلومات

Tullow Oil launches £30.3m rights issue

By Jane Martinson

Tullow Oil, the Dublin-based oil and gas exploration and production company, has launched a 1-for-5 rights issue to raise £30.3m (\$46.55m) for developing existing licences and further exploration.

The issue, of 80p a share, is underwritten by Rialta, Hoare Govett's Irish broking arm. The shares closed up 3/4p at 89 1/2p yesterday.

Mr Aidan Heavey, chief executive, said most of the money would be spent on appraising some 16 wells in Pakistan, four of which have already been

designated as commercial discoveries. The rest will be spent on licence development in Syria and on new sites in India and Bangladesh.

"We have spent a lot of time and money building up our acreage position over the past two years. We had to raise cash to develop these assets quickly and to raise potential for our shareholders."

Takeover speculation mounted in the sector after Statoil's £203m takeover of Aran Energy in November, but Mr Heavey, who helped form Tullow nine years ago, said the group would not welcome

potential takeover moves. "We have not yet developed our assets and we have no intention of being taken over until we know exactly what those assets are worth," he said.

The company, which is listed on the London and Irish Stock Exchanges, last raised capital two years ago with a £5.5m placing and open offer at 23p a share. Production in Senegal and the UK helped the company to a 52 per cent rise in 1995 operating profits to £1.97m (£2m) on revenue 47 per cent higher at £5.3m. The company is yet to pay a dividend.

BTP on acquisition trail

By John Authers

BTP, the speciality chemicals group, yesterday predicted it would make further substantial acquisitions after reporting a 19 per cent increase in profits, before £7m of exceptional charges, to £44.5m (\$68m).

Including the charges - £1.53m for rationalisation in the adhesives and textile coatings division, and a loss of £5.43m on the sale of the polymers division - pre-tax profits for the year to March 31 showed little change at £37.6m, on turnover ahead 18 per cent to £382.1m.

Mr Steve Hannam, chief executive, was bullish on prospects for the current year, saying it presented "more new opportunities for growth than has been seen before".

The results were achieved despite difficulties for the chemical industry caused by sharply rising raw materials prices.

Mr Hannam said: "We've got very small borrowings, so we would be looking to buy with cash. It's a good time to have a strong balance sheet, and we have the capacity to make quite a big acquisition."

During the year, BTP bought TCC bactericide for soaps from Monsanto for £3.7m, and Incal Safety, an equipment rental

business, for £1m. No further diversification is planned; any purchases will fit with current core businesses. There are unlikely to be any further disposals, however, after the sale in June of the polymers business for £5.5m.

Mr Hannam added that he had no intention of selling the safety equipment business, although it has little link to the rest of the company's activities. He said it was a good cash generator and was also counter-cyclical to the chemicals market.

BTP is also looking for further organic growth, having made record capital expenditure of £21m last year.



Bullish: (L to R) John Kettleley, chairman, Steve Hannam and Robert Martin, finance director

A smiling optimist at Trafalgar's helm

Erik Tonseth, head of Kvaerner outlines some of his plans for the recently merged engineering group to Andrew Taylor and Tim Burt

Mr Erik Tonseth exudes all the confidence, or bravado, of a man who has just paid more than £900m for Trafalgar House, one of Britain's best known companies. "I am sure," he smiles "that there are no black holes for us to discover."

Shareholders of Kvaerner, the Norwegian engineering and shipbuilding group of which Mr Tonseth is chief executive, must hope his optimism is not misplaced.

They will not want to be reminded that Sir Nigel Brocks, founder and former chairman of Trafalgar House, displayed similar confidence when the group bought Davy Corporation, the loss-making engineering and metals processing business in 1991.

Continued losses at Davy and other acquisitions were among the main reasons control of Trafalgar was lost to Hongkong Land in 1993.

The Kvaerner boss has completed a preliminary investigation of the businesses, which include John Brown and the Cunard cruise line, as well as Davy. He has concluded that the £513.1m provisions announced last year by Trafalgar House are more than enough to cover any contingencies.

In addition to taking stock, Mr Tonseth has also embarked on a substantial overhaul of the management structure and operating culture at Trafalgar House.

He has swept away the semi-autonomous structure which allowed divisional executives, often characterised as barons, to set their own agenda, within financial guidelines established by the main board.

He is replacing this with a more centrally controlled business with all the eight divisional heads of the merged Kvaerner/Trafalgar group working closely together at a

new head office in St James's, central London.

Mr Tonseth, who is moving to England with his family, considers Trafalgar's existing West End offices too large for the tight-knit senior management community, with short lines of communication, that he is seeking to establish.

For the Scandinavian chief executive, Trafalgar has long been its preferred international partner, in spite of Kvaerner's failed bid at the end of last

year for another construction group, Amec.

He says that unlike previous management at Trafalgar, the strategy will be determined by operational managers with expertise in industrial engineering rather than financial engineering.

Executives will be more closely associated with markets and production processes, and therefore better placed to carve out improved margins in an industry which Mr Tonseth admits is suffering from overcapacity.

Kvaerner realised that to win international construction and engineering work, it needed to be much bigger, and to have, in Mr Tonseth's opinion, "a visible presence in London". The Trafalgar acquisition also reduces Kvaerner's dependence on shipbuilding, another industry suffering from overcapacity.

Kvaerner's shipbuilding profits collapsed in the first quarter from Nkr3.1bn (£310m) to just Nkr365m. The company, moreover, endured volatile trading conditions in its other main businesses - oil and gas equipment, mechanical engineering and pulp and paper equipment.

Kvaerner intends to combine its higher margin equipment manufacturing with Trafalgar's broader construction and engineering skills to offer customers a comprehensive turnkey service.

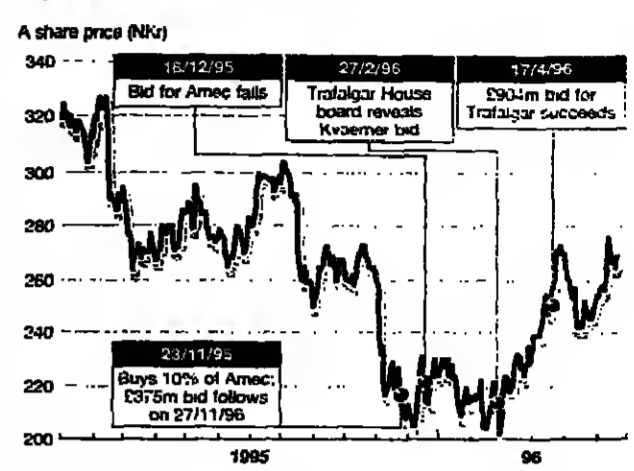
The enlarged group, which should derive considerable benefits from increased purchasing power and the pooling of technical expertise, will be a stronger contender for large oil and gas contracts in areas such as the North Sea.

Mr Tonseth recognises that to be a credible bidder for such orders, the group will need a strong balance sheet. The same applies if it intends to invest in the growing number of privately financed infrastructure projects.

More immediately, the group needs to reduce net debt - estimated by SEC Warburg to be Nkr13.6bn, representing gearing of 106 per cent. If goodwill is excluded, under British accounting rules, gearing rises to 180 per cent.

Kvaerner plans a £1bn disposal programme to offset the

Kvaerner



Source: FT Estel

costs of the acquisition and raise funds for investment.

Of that total, more than £360m has been raised by disposals made by the previous Trafalgar management, including the Riz Hotel and Ideal Homes, the UK housebuilding business.

Although most analysts expect Cunard, Trafalgar's luxury cruise line, to be sold shortly, Mr Tonseth appears to have given it a two-year stay of execution - pending its return to profitability. He has vowed not to sell any business without making a profit on the deal.

In the meantime, he has identified a portfolio of shareholdings which do not fit with the group's new strategy. These include a 26.1 per stake in Amec, expected to raise more than £50m, and 17 per cent of the Bergesen shipping group, worth an estimated £160m.

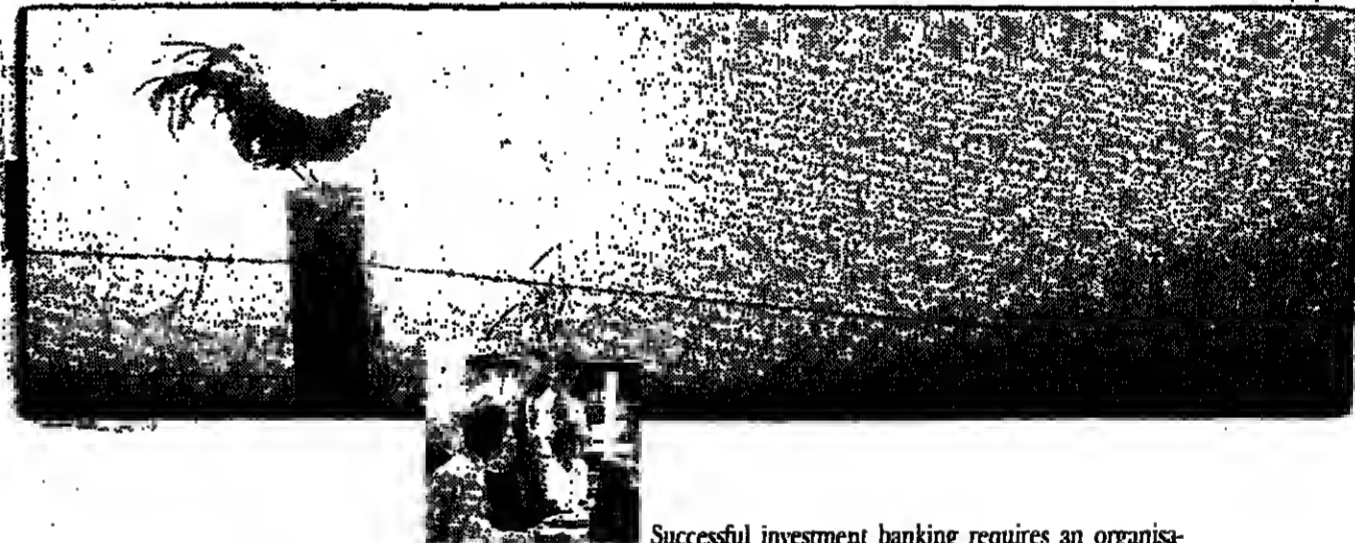
Mr Tonseth, who says the company is not under pressure to sell any one asset to make its £1bn target, plans to sell Trafalgar's commercial property portfolio of mainly offices inside London's M25 orbital motorway.

His ambition is clear. Kvaerner, following the Trafalgar acquisition, claims to be one of the world's five largest largest construction and engineering groups in terms of overseas work.

Having achieved the scale necessary to catapult Kvaerner on to the international stage, Mr Tonseth needs to prove he can extract a better performance from Trafalgar, a company which last year reported operating losses of £106.4m.

He admits it will be a tough task. "There have been a lot of problems here in the past, but we are moving in a very different direction... there is nothing that cannot be handled."

Due Diligence



Successful investment banking requires an organisation committed to providing a consistent and professional standard of banking service. As a major Nordic banking group, Den Danske Bank has considerable placing power and holds a leading position in the Nordic equity and fixed-income capital markets.

The Investment Banking division of Den Danske Bank has a track record of close collaboration with clients to implement their business strategies - analysing alternative procedures and their implications, preparing valuations, arranging public offerings and private placements and assisting in mergers and acquisitions negotiations.

The bank upholds the traditional values of the banking industry - probity, due diligence, professionalism and flexibility - and, during a highly sensitive process, confidentiality has top priority at all times in order to maintain market confidence.

Through its position as one of the leading investment banks in the Nordic region, Den Danske Bank can provide a substantial level of support and the services of an experienced, well-established organisation.

DEN DANSKE BANK

Investment Banking Division
2-12 Holmens Kanal, DK-1092 Copenhagen K, Denmark
Telephone: +45 33 44 00 00

Issued by Den Danske Bank, 2-12 Holmens Kanal, DK-1092 Copenhagen K, approved by Den Danske Bank, London Branch, 75 King William Street, London EC4N 7DT. Regulated by S.F.A. for the conduct of investment business in the UK, and the London Stock Exchange. The rules and regulations made under the Financial Services Act 1986 for the protection of investors may not apply to investment business carried on from offices outside the UK.

BURMAH CASTROL CAPITAL (JERSEY) LIMITED
£56,000,000
9 1/2% Convertible Capital Bonds Due 2006
(the "Bonds")
guaranteed on a subordinated basis by
BURMAH CASTROL PLC
Notice of Exercise of Conversion and Exchange Rights
by The Law Debenture Trust Corporation p.l.c.

Burmah Castrol Capital (Jersey) Limited (the "issuer") hereby gives notice to holders of the Bonds in bearer form which had not been surrendered for conversion and exchange at the close of business in London on 13th June, 1996 (the "Unconverted Capital Bonds") that:

- Pursuant to the Required Redemption Notice given to you on 20th May, 1996 giving you notice that the issuer would on 20th June, 1996 redeem all of the Bonds (including those in registered form) then outstanding in accordance with Condition 6 of the Bonds, your Conversion and Exchange Rights under Condition 5(a) of the Bonds terminated at the close of business on 13th June, 1996;
- Pursuant to Condition 5(d) of the Bonds and Clause 6(B) of the Trust Deed constituting the Bonds, on 14th June, 1996 The Law Debenture Trust Corporation p.l.c. (the "Trustee") elected to exercise the Conversion and Exchange Rights in respect of such of the Bonds then outstanding as were due for redemption on 20th June, 1996 and the Ordinary Shares allotted on the exercise of such rights in accordance with the Conditions of the Bonds were sold by the Trustee on 14th June, 1996; and
- Accordingly, instead of the redemption amount (including interest payable on the Bonds) of £5,237.50 for each £5,000 nominal amount of Unconverted Capital Bonds which would have been available had the Trustee not elected to exercise its Conversion and Exchange Rights, the net proceeds of the sale of the Ordinary Shares are available for distribution ratably to Bondholders who hold Unconverted Capital Bonds in the amount of £8,230.05 per £5,000 nominal amount of Unconverted Capital Bonds (being the due proportion of the aggregate of the total net proceeds of sale) against the due presentation in accordance with Condition 5(c) of the Bonds by them of their Unconverted Capital Bonds, together with all coupons, at the specified office of a Paying and Conversion Agent during its usual business hours subject to and in accordance with Condition 13 of the Bonds.

PRINCIPAL PAYING AND CONVERSION AGENT
The Chase Manhattan Bank, N.A.
Woolgate House, Coleman Street, London EC2P 2HQ

OTHER PAYING AND CONVERSION AGENTS

| | | |
|---|---|---|
| Banque Bruxelles Lambert S.A. 24 Avenue Marx B-1050 Brussels Belgium | Chase Manhattan Bank Luxembourg S.A. 5 Rue Papey L-2338 Luxembourg-Grand, Luxembourg | Chase Manhattan Bank (Switzerland) 63 Rue du Rhine CH-1204 Geneva, Switzerland |
|---|---|---|

By: The Chase Manhattan Bank, N.A.
for and on behalf of
Burmah Castrol Capital (Jersey) Limited

25th June, 1996

Standard Chartered
Standard Chartered PLC
(Incorporated with limited liability in England)
£300,000,000
Undated Primary Capital Floating Rate Notes
of which £150,000,000
comprises the Initial Tranche

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the three months period (92 days) from 24th June 1996 to 24th September 1996 the Notes will carry an interest rate of 8 1/2% per cent per annum.

The interest payment date will be 24th September 1996. Coupon No. 45 will therefore be payable on 24th September 1996 at £76.56 per coupon from Notes of £50,000 nominal and £76.20 per coupon from Notes of £5,000 nominal.

J. Henry Schroder & Co. Limited
Agent Bank

N&P
£150,000,000
Floating Rate Notes due 1997
In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 20th September, 1996 has been fixed at 6.0625% per annum. The interest accruing for such three month period will be £152.59 per £10,000 Bearer Note, and £1,523.91 per £100,000 Bearer Note, on 20th September, 1996 against presentation of Coupon No. 16.

Valise Bank of Switzerland
London Branch Agent Bank
20th June, 1996

U.S. \$150,000,000
HSBC Americas, Inc.
Member FDIC
Floating Rate
Subordinated Notes Due 2009

Interest Rate: 8 1/2% per annum
Interest Period: 24th June 1996 to 24th September 1996

Original Amount due 24th September 1996 per U.S. \$150,000,000 New U.S. \$75,000,000

CS First Boston
Agent

Cartoon to sell
Ishoot for £21m

irmac
ces Limited

Bank of America

INTERNATIONAL PEOPLE

Sihler dials up a new top job



Ron Sommer, the man determined to turn Deutsche Telekom into the world's leading telecoms operator, may be relieved to see the back of Rolf-Dieter Leister, who last week said he would no longer head the company's supervisory board.

When he was at Henkel the company went public - an especially useful experience given Deutsche Telekom's share offering later this year.

BHP's man of steel

BHP, the Australian resources group, has drafted in Ian McMaster, currently its head of operations in China, to help conduct a 12-month strategic review of its steel division.

mentally, the review will look at corporate options over the next two decades. As one BHP insider puts it: "The technical choices are pretty diverse at present".

McMaster, who is in his late 40s, will have plenty of steel sector experience to contribute. He joined BHP 30 years ago, and was group general manager of the wire products unit.

Carpenter to head EIB

The European Investment Bank (EIB) has stuck with its tradition of picking an insider for secretary general, with the announcement that Francis Carpenter is to succeed Thomas Oursin at the head of the EU's Luxembourg-based financing body, from July 1.

most recently becoming director of credit and monitoring in the EU, with responsibility for a loan book of Ecu85bn (\$117 bn). Oursin, who is retiring after 22 years with the EIB, has been secretary-general since 1994.

Tough times at Sidek

Luis Rebolter, who next month takes over as chief executive of Sidek, Mexico's troubled steel and tourism conglomerate, has a real challenge on his hands.

is thought to be close to Roberto Hernandez, the head of Banamex, Mexico's largest bank.

New boss for OMLX

Peter Cox, 48, has been appointed chief executive of OMLX, the London-based securities and derivatives exchange which is part of OM Group of Sweden.

U.S. \$200,000,000 B.B.L. International N.V. Floating Rate Notes Due 2001

WORLD ACCOUNTING REPORT World Accounting Report is succinct and accurate and has a reputation for finding out what its readers need to know.

ON THE MOVE

- Richard Currie, 59, who with Galen Weston, 55, has led the 20-year resurgence of the LOBLAW supermarket chain in Canada.

relinquished his title as president of ASITECH-PRICE, to become chairman. He continues as chief executive of the Canadian paper group, a post he has occupied since 1990.

appointed president and chief executive of NEC ELECTRONICS INC, the fourth-largest seller of semiconductors in the US.

Railfreight The British Railways Board invites organisations to register their potential interest in buying Railfreight Distribution (RID) - BR's Channel Tunnel and automotive freight business.

Fortis AG Results of the capital increase by means of an exchange of 1995 dividend rights for shares ("Stock dividend")

THE FIRST MEXICO INCOME FUND N.V. NOTICE OF DIVIDEND Shareholders are informed of a dividend of US\$0.40 per share of Common Stock to holders of record as of June 28, 1996.

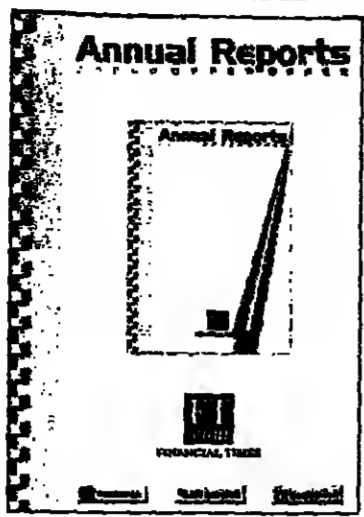

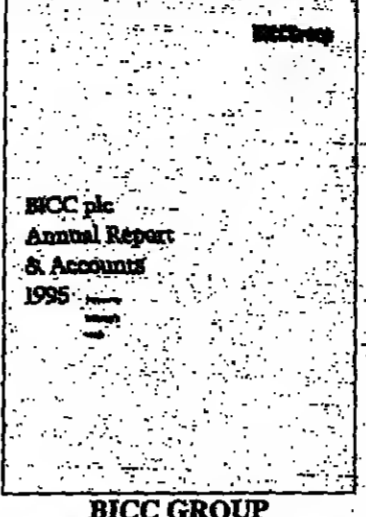





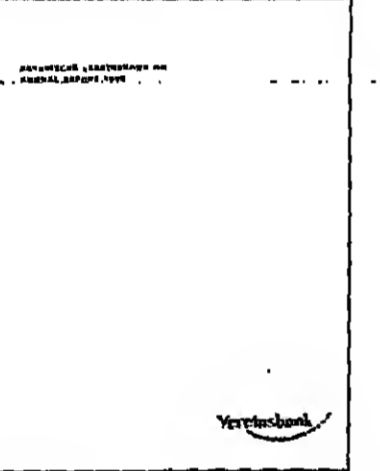


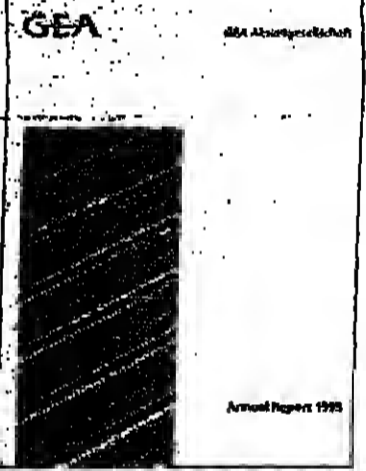




GT INVESTMENT FUND Société d'Investissement à Capital Variable 2, boulevard Royal, Luxembourg R.C. Luxembourg B-7443

APPOINTMENTS ADVERTISING In preparation for the payment of the half-yearly dividend due July 15 1996 on the above stock, the transfer books will be closed at 3.30 p.m. on June 24 1996 and will be re-opened on July 1 1996.

Quebec Central Railway Company Capital Stock In preparation for the payment of the half-yearly dividend due July 15 1996 on the above stock, the transfer books will be closed at 3.30 p.m. on June 24 1996 and will be re-opened on July 1 1996.

MARGINED CURRENCY DEALING CALL TOLL-FREE Laurion Flexible managed accounts Limited liability guaranteed Lowest margin deposits (2% - 5%)

Financial Times Annual Report Service

| | | | |
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|  <p>Annual Reports</p> <p>Annual reports for the following companies can also be requested via the Internet from the FT's web site which can be found at: http://www.ft.com</p> <ul style="list-style-type: none"> American Standard Corporation plc British-Borneo Petroleum Syndicate, plc Camel Corporation Canadian Occidental Petroleum Ltd Guardian Royal Exchange plc Jeany Coys Pirella Göttsche Group Prompts Sonoco Products Company UNIBCP Limited Wassall plc |  <p>AEGON INSURANCE GROUP</p> <p>1995: AEGON's best year ever</p> <p>AEGON Insurance Group is one of the world's leading international insurance groups, with assets totalling more than NLG 150 billion (GBP 60.5 billion). Net income in 1995 increased to over NLG 1.3 billion (GBP 522 million). Shareholders' equity amounted to NLG 8.2 billion (GBP 3.3 billion). AEGON's core business is life insurance and related services, financial and investment products. Additionally, AEGON is active in health and P&C insurance, where these sectors offer prospects for long-term profitability and strengthen the position of its distribution networks, AEGON's most important markets are The Netherlands, USA and Europe.</p> |  <p>BICC GROUP</p> <p>The BICC Group, through BICC Cable, is one of the world's largest manufacturers and suppliers of cables and cable systems. Through Balfour Beatty, it is a major international engineering and construction company.</p> <p>These two businesses provide specialist products, skills and services for infrastructure development world-wide, in power, communications, transport and building.</p> <p>The Group is intent upon achieving competitive advantage through customer satisfaction, product leadership and the pursuit of total quality and technical excellence.</p> <p>Balfour Beatty is UK-based, with growing businesses in North America, the Middle East and Asia-Pacific.</p> <p>The Cable business has a major presence in all the world's regional cable markets.</p> |  <p>BRITISH-BORNEO PETROLEUM SYNDICATE, P.L.C.</p> <p>British-Borneo is a UK based oil and gas exploration company with a risk diversified portfolio of producing interests and exploration acreage. The Company's aim is to craft competitive advantage in areas of operation through careful strategic planning and the systematic recruitment and motivation of top quality people. British-Borneo's operations include interests in some of the most exciting exploration provinces in the world today, ranging from the West of Shetland region of the North Sea to the deepwater U.S. Gulf of Mexico.</p> |
|  <p>Guardian Royal Exchange plc</p> <p>The Guardian Royal Exchange Group provides many types of insurance around the world, with over five million customers in more than 20 countries. With an annual premium income approaching £4 billion, and total assets of some £18 billion, Guardian Royal Exchange measures its success by the extent to which it delivers an excellent service and value for money to its customers and, to its shareholders, an attractive profit and overall return on capital.</p> <p>The Group's principal business is in general, life, health insurance and investment and the main markets are UK & Ireland, Continental Europe, North America, Asia and South Africa.</p> |  <p>PEARSON plc</p> <p>Pearson's mission is to be a major international provider of media content, renowned for distinctive products that deliver information, education and entertainment in ways that people want.</p> |  <p>WASSALL PLC</p> <p>Wassall PLC is an industrial company whose sales have risen from £8.0m to £972.5m since its relaunch by the current management team in September 1988. Major subsidiaries include General Cable Corporation, one of the largest producers of copper wire and cable for electrical, telecommunications and the USA, and DAP, a market leader in the production of adhesives and sealants for DIY markets in North America. MICO Chemicals is a major manufacturer of bottle closures in Europe, and the market leader in South Africa. Ashtel is the leading producer of luggage and travel goods in the UK.</p> |  <p>BANCO TOTTA & ACORES</p> <p>In 1995 BTA's Net Assets and Deposits expanded 12.3% and 11.7%, respectively, in terms of Coeff. It should be stressed that Loans and Advances grew 7.3%; interest should also be made to the significant drop in overhead loans while the coverage ratio of overhead loans by assets provisions rose from 1994.</p> <p>During the year BTA's assets continued to show very high liquidity with a frequency rate of 100% and trading volume of PTE 31.1 billion. On February 29, 1995 underact what was PTE 176.2 billion.</p> <p>The dividend paid by share amounted to PTE 190, the highest for the Banking sector in Portugal.</p> |
|  <p>BAYERISCHE VEREINSBANK</p> <p>With total assets of DM257 billion Bayerische is one of the five largest private banks in Germany and the biggest mortgage banking group. In a difficult operating environment Vereinsbank succeeded in increasing its operating profit by 29.9% to DM1.822m. The driving factors behind this result were a lively mortgage banking business, a satisfying own account trading result, lower risk provisions and a successful cost management (with a cost growth of 6% after 12% in 1994). Earnings per share rose from DM2.35 in 1994 to DM2.52 despite a strong growth of equity capital. This enables Vereinsbank to round up the dividend to DM1.50 per DM5-share.</p> |  <p>BMW</p> <p>In 1995, the BMW Group continued to grow. For the first time, more than one million cars were produced and sold. Sales of BMW and Rover Group vehicles increased despite challenges at important models. The Company coped well with both the increase in the work force and investment in plant and products.</p> <p>BMW is currently in a phase of particularly high investment expenditure. This is mainly due to the requirements of Rover Group, the conversion of the car plant in the United States and the development of the new engine business. In the long term, this expenditure will open up the advanced opportunities available to a globally active manufacturer with a wide range of cars and advanced new engines.</p> |  <p>CONTINENTAL AKTIENGESELLSCHAFT</p> <p>The Continental Corporation ranks among the leading international manufacturers of tires and industrial products made from rubber and plastics, and since 1994 has been developing complete automotive systems with growing success. For tires, it is 1st in Germany, 2nd in Europe, and 4th worldwide. A judiciously balanced approach designed to exploit specialized niche markets, stronger emphasis on innovative industrial products, and extensive internal restructuring measures combined to generate excellent results in 1995. Sales advanced by 3.8% to DM 10.3 billion and net income rose by 119.2% to DM 123 million. The dividend is increased to 10% (DM 0.20 per DM 5 nominal share). Celebrating its 125th anniversary in 1996, Continental expects another successful year.</p> |  <p>GEA AG</p> <p>GEA AG in Bochum, Germany - Process Technology, Thermal and Energy Technology and Air Treatment and Refrigeration - boosted business volume by more than 20%. Sales climbed from DM 3,293 million to DM 4,051 million. Net income for the year improved 12% on the previous year, rising to DM 110.7 million. Cash flow increased by 15% from DM 211 million to DM 242 million. The Group made further progress towards globalization. Today, GEA is represented by 150 companies in 50 countries around the globe. Top priority in 1996 is being given to consolidating the high level achieved and to the continued integration of the groups of companies which GEA has acquired in recent years.</p> |
|  <p>MANNESMANN</p> <p>Mannesmann ranks among the world's leading suppliers in the areas of machinery and plant construction, and innovative engineering.</p> <p>The Group's entry into telecommunications was accomplished by a pioneering first: Mannesmann developed Germany's first private mobile telephone network, G2. Mannesmann Mobilfunk today figures among the leading network operators according to the GSM standard established both in Europe and worldwide.</p> <p>In 1995, Mannesmann's sales rose 6 per cent to DM 32 billion, net profit more than doubled to DM 701 million, mainly on the strength of its telecom business.</p> |  <p>SCHERING</p> <p>Schering celebrates its 125th anniversary this year. The history of our company has been shaped by a succession of outstanding ideas. Schering is a research-based pharmaceutical company with more than 100 subsidiaries and affiliated companies worldwide. Our key features today are internationality, expertise and specialisation on three business areas - diagnostics, pharmacology and therapeutics. Main financial data: With a workforce of 19,000, Schering Group sales in 1995 amounted to DM 4,667 m, 80% of which were made outside Germany. Schering spent DM 645 m on research and development, which is 13% of Group sales revenue. At DM 296m, Group profit was 13% lower than in 1994. Earnings per DM 5 share amounted to DM 4.30 (1994: DM 4.60).</p> |  <p>VEBA</p> <p>Enhancing Value by Shaping Change</p> <p>VEBA, Germany's 4th largest company, is active in the fields of Electricity, Chemicals, Oil, Trading/Transportation/Services and Telecommunications. Our decentralised management structure is designed to allow for fast and flexible response to market opportunities as they arise, and our 1995 results underscored this approach: approx. 125,000 employees worldwide achieved record DPA/SGP margins of DM 2.1 billion (1994: DM 1.5 billion); earnings per share rose from DM 3.13 to DM 4.33, and the dividend was increased from DM 1.50 to DM 1.70. Our strategic goal remains outpacing change early on and actively shaping it in order to develop new potential for VEBA as well as create further value for our</p> |  <p>VIAG</p> <p>VIAG in 1995: A new Dimension</p> <p>VIAG achieved a new dimension in 1995: group turnover amounted to almost DM 42 billion and profit for the year stood at DM 1.3 billion. This was also appreciated by the stock exchange: the price of VIAG shares rose by more than 20 per cent, making VIAG one of the top performers in the DAX index.</p> <p>Outlook for 1996</p> <p>1996 will see continued strategic development of the group. This will include targeted reworking-off in the core sectors of energy, chemistry, packaging and logistics and rapid expansion of telecommunications activities, in which VIAG cooperates with BT and IWE.</p> |

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COMMODITIES AND AGRICULTURE

'No drop' seen in US gold production hedging

By Kenneth Gooding, mining correspondent, in Venice

There has been no drop in total hedging by north American gold producers in spite of some liquidation of forward sales by two of the biggest, Barrick Gold, Placer Dome, according to Mr Ted Reeve, analyst at Scotia Capital Markets, who has been tracking hedging trends for more than 6 years. While Barrick and Placer were giving maximum publicity to their partial withdrawal from hedging, two other North American companies, Anax Gold and Santa Fe Gold, were quietly increasing their activities...

age of US\$410 troy ounce for 1996 and was 33 per cent hedged at US\$423 for 1997. Compared with this the Australian industry could look forward to receiving an average of US\$510 an ounce for its hedged production this year. At present production levels Australian gold producers had on average 28 months or 630 tonnes of output hedged. This compared with 360 tonnes or 15 months in 1991 and 1992. Australian hedging was on the rise in spite of a number of smaller companies and Placer Pacific liquidating part or all of their forward sales positions recently...

Mr Kestley said the industry spent about \$5bn last year - \$2bn to mine gold, \$500m on exploration and \$2.5bn "buying each other". There 60 gold company acquisitions in the past two years. The industry last year raised about \$1bn from hedging and a similar amount from borrowing. He suggested gold companies should diversify the range of financial measures they used to include more syndicated loans and bonds, including convertible bonds. Gold equity markets were not very liquid, Mr Kestley pointed out, the entire industry (excluding junior explorers) had a market capitalisation of only \$83bn compared with...

gold forward sent a message to shareholders that it lacked confidence in the future of the very metal that was its life blood. Hedging also suggested to shareholders that a protected economies were fragile. And it encouraged companies to keep on mining gold when it would be better to be left in the ground. "Extracting gold when it has a negative net present value is pure wealth destruction to shareholders." A call for the European Monetary Institute to make public its intentions about the role of gold as a reserve asset for the European Central Bank (ECB), came at the conference from Mr Robert Guy, a director of N.M. Rothschild. "Political independence does not obviate the need for accountability," he said.

Mr Robert Rubin, executive vice-president, AIG Trading Group insisted "the birth of the ECB and what it all means for gold will have everyone rattled for the next few years. The biggest anxiety was that European Central Banks would rush to reduce their gold holdings and to raise cash from them before the ECB began operations."

Mr James Cross, a director of Crossroads Research and Consulting said if some gold was transferred to the ECB it would give the bank added credibility. It would also signal that gold will have a role in the world's monetary system. Mr Alan Baker, executive director, DeBeers Bank Sharps Pirex, pointed out that the gold market had shown the capacity to absorb large additional quantities of the metal without disruption to the price and demand for physical gold was likely to continue at a high level. This suggested gold would continue to trade between US\$385 and \$415 an ounce.

Indian government grants relief to sugar industry

By Kunal Bose in Calcutta

The Indian federal government has come forward with a major relief measure for the country's cash-strapped sugar factories. The factories, which of late have been unable to pay money owed to cane suppliers, have been told that between now and the end of the sugar season on September 30 they will be relieved of the statutory obligation to surrender 40 per cent of their production to the state at less than the production cost for distribution through "fair price shops".

ogi, president of the Indian Sugar Mills Association, said that quite a few sugar factories were becoming sick and they would be on the block. As there is still cane in the field a large number of factories are still working. But crushing in India beyond the middle of April is uneconomical because there is a steep decline in the recovery of sucrose from the cane. ISMA spokesman Mr Om Dhanuka said the country's sugar production would be a record of over 16m tonnes, compared with an earlier estimate of 15.8m tonnes.

Plant resources plan agreed to 'enhance world food security'

By Geoff Tansey

The first Global Plan of Action to conserve and improve the use of plant genetic resources for food and agriculture was finally adopted in the early hours of Sunday morning by 150 governments in Leipzig. Agreement came after "a very hard week of negotiations", according to Mr Cary Fowler, secretary of the International Technical Conference on Plant Genetic Resources. The outcome was in doubt until the final hours as wrangling over funding and farmers' rights held up agreement.

ensuring "access to and sharing of both genetic resources and knowledge" according to the "Leipzig Declaration" agreed at the conference, which was organised by the UN Food and Agriculture Organisation and hosted by the German Government. The plan contains 30 priority activities including a major greater commitment than in the past to on-farm conservation and development of plant varieties as well as in situ conservation of wild plants important for foods. It also calls for a new partnership between farmers and scientists to secure the holdings in the genebanks and to make them of greater practical use.

civil conflicts should save lives and aid money, believes Mr Fowler. The GFA also recommends a major programme to rescue current genebank collections that are in danger of losing up to half their materials. This would transform the current diverse, poorly coordinated, often inefficient and frequently redundant efforts into a rational, effective and sustainable system. An essential part of this involves improving information about what is in the various genebanks.

plant breeding, especially those used by farmers in marginal areas. The program over which will provide what new funding is unlikely to be broken until a revised International Undertaking on Plant Genetic Resources is agreed. This is due to be discussed in December and should provide a legal framework governing access to plant genetic materials. The OECD countries are reluctant to agree funding until it is clear who will have access to plant germplasm, under what terms, and precisely what it is they are committed to. Developing countries have said that there is little point in making plans unless farmers' rights that clarify their meaning and suggests how they may be implemented

argue for more funding for plant genetic resource conservation. The GFA also recommends a major programme to rescue current genebank collections that are in danger of losing up to half their materials. This would transform the current diverse, poorly coordinated, often inefficient and frequently redundant efforts into a rational, effective and sustainable system.

Although the major division over who controls plant genetic resources is still largely a north-south split, the conference has shown that "what we are beginning to see is much more complex than a north-south confrontation", said Mr Fowler. There were differences between Europe and the US and between different developing countries. These related to how gene-rich they were in both plant varieties and breeding histories as well as in how far they have commercial or small farmer agriculture, he said.

COMMODITIES PRICES

BASE METALS

Table with columns: Metal Name, Price, Change, High, Low, Open, Close. Includes Aluminum, Copper, Lead, Zinc, Tin.

Precious Metals continued

Table with columns: Metal Name, Price, Change, High, Low, Open, Close. Includes Gold, Silver, Platinum, Palladium.

GRAINS AND OIL SEEDS

Table with columns: Commodity Name, Price, Change, High, Low, Open, Close. Includes Wheat, Soybean, Corn, Rice.

SOFTS

Table with columns: Commodity Name, Price, Change, High, Low, Open, Close. Includes Cocoa, Coffee.

MEAT AND LIVESTOCK

Table with columns: Commodity Name, Price, Change, High, Low, Open, Close. Includes Live Cattle, Live Hogs.

PRECIOUS METALS

Table with columns: Metal Name, Price, Change, High, Low, Open, Close. Includes Gold, Silver.

ENERGY

Table with columns: Commodity Name, Price, Change, High, Low, Open, Close. Includes Crude Oil, Heating Oil, Natural Gas.

FUTURES DATA

Table with columns: Commodity Name, Price, Change, High, Low, Open, Close. Includes Wheat, Corn, Soybean.

INDICES

Table with columns: Index Name, Price, Change, High, Low, Open, Close. Includes REUTERS, CBI, CRB Futures.

LONDON TRADED OPTIONS

Table with columns: Option Name, Price, Change, High, Low, Open, Close. Includes Aluminum, Copper, Gold, Silver.

LONDON SPOT MARKETS

Table with columns: Commodity Name, Price, Change, High, Low, Open, Close. Includes Brent Crude Oil, Heating Oil, Natural Gas.

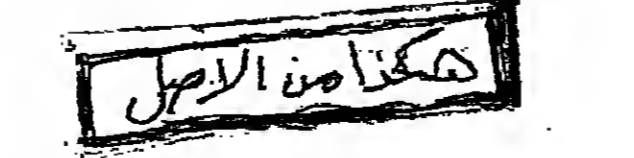
JOTTER PAD

By Canute James in Kingston. A deterioration in the quality of its bananas has forced the Windward Islands, Britain's main supplier, to buy fruit from Latin American producers to meet sales commitments.


CROSSWORD

No.9.103 Set by GRIFFIN. A crossword puzzle grid with numbers in the squares.

- ACROSS: 1 Controller having stopped is put in again (11); 7 Put on donkey but not essential (3); 9 Suggest one member left and said why (6); 10 Having broken or change where vessel stays (9); 11 Before parking vehicle set down one picking up plane? (9); 12 Bolt back gate post back (5); 13 Help famous fiddler holding harmonium (7); 15 Sweetheart rejected crackers and cheese (4); 16 What model does, having dropped ring behind a recess (4); 17 Ship (five weight); 18 Pigs (five weight); 19 Lat. day wage (five); 20 Lat. day wage (five); 21 Heat you are being silly about (9); 22 Bank customer is to drop faulty key in (9); 23 Unsuitable; it holds a writer back (5); 25 Remembered to save water plant container (11).




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BCE Inc.

BCE Inc. is Canada's largest telecommunications company. Its subsidiaries and associated companies, including Bell Canada, provide telecommunications services to some 70 per cent of the Canadian population. Subsidiary Norcel is a world leader in the provision of digital networks, while BCE Mobile provides cellular and paging services. Bell Canada International manages some \$2.1 billion in international investments. Tele-Direct companies provide directory services in Canada and overseas. BCE has the largest number of registered shareholders of any Canadian corporation.




CANADIAN OCCIDENTAL PETROLEUM LTD.

Canadian Occidental is a rapidly growing, financially strong, global energy and chemicals company. It operates since 1971, Canadian Occidental is listed on The Toronto Stock Exchange, the Montreal Exchange and the American Stock Exchange. The Company is organized into three autonomous, internationally-oriented business units: International Oil & Gas, North American Oil & Gas and Chemicals. We have oil and gas production operations in 6 countries and exploration projects in 9 countries. Oil and gas reserves have increased more than 80% since 1990 to over 800 MBOE equivalent and production, funds flow and net income have grown rapidly. Our Chemicals operations supply various ethylene, chlorine and caustic soda in North America pulp and paper, water purification and plastics industries. Solvent chlorine production capacity has been significantly expanded in response to growing demand.




CENTRAL ASIA GOLDFIELDS CORPORATION

Central Asia (CGZ-ME) is a new public company, sponsored by Rothschild Emerging Markets Funds. Extensive mineral exploration and development rights have been acquired in Kazakhstan. The Company has entered into 3 JV agreements with local private corporations, whereby CAZCO may earn a 50% to 100% interest in various gold properties. The lands covered exceed 11 million acres of highly prospective, exploration ground with a number of identified gold targets. A 57M exploration program, using up to 7 drill rigs, has been approved for this year.




DRECO ENERGY SERVICES LTD.

Dreco Energy Services Ltd. designs, manufactures, and sells oil well machinery, equipment and domestic products for the use in the drilling and servicing of oil gas wells internationally. More than 25 of Dreco's revenues is derived from demand outside North America. Over the past few years Dreco has increased revenues from field through internal growth while over the past 12 months revenue has been U.S. \$102.0 million, trailing 12 month fully diluted earnings per share have been U.S. \$1.36 and the return on average shareholders' equity over the past 12 months has been 21%. Dreco stock trades on NASDAQ, symbol DREAF and the Toronto Stock Exchange, symbol DRE-A.




ELDORADO GOLD CORPORATION

Eldorado Gold Corporation is an international gold mining company based in Vancouver, Canada, whose shares trade on the Toronto Stock Exchange under the symbol "ELD". Eldorado operates three gold mines, the La Colona and La Trinidad in Mexico and the Sita mine in Brazil. The Company also has a 1% attributable interest in Comoro Mining NL, which operates the Bimetal Mine in Western Australia. In addition, the Company is actively exploring and developing three gold projects in Turkey and one gold project in Brazil. The Company is expected to produce 165,000 ounces of gold in 1995, on a pro forma basis, at an average cost of approximately US\$264 per ounce. Gold production is expected to increase to over 200,000 ounces in 1996 at a cash cost of US\$231. The Company's gold reserves are currently 4.7 million ounces of which 2.8 million ounces are classified as proven and probable reserves.



TECK CORPORATION

Teck Corporation is a (Cdn) \$3 billion company producing GOLD, COPPER, COAL, ZINC and NIOBIUM from interests in 12 mines in Canada and Chile. Teck is a mine developer with an exceptional record of on-time, on-budget construction, and an operating team with a reputation for successful turnarounds. With exploration activities around the world, from West Africa through Central Asia, Indonesia, Mexico, Panama, Chile, Peru, Argentina and Brazil in North America, Teck is committed to continued shareholder growth, and to be THE PARTNER OF CHOICE IN THE MINING INDUSTRY.



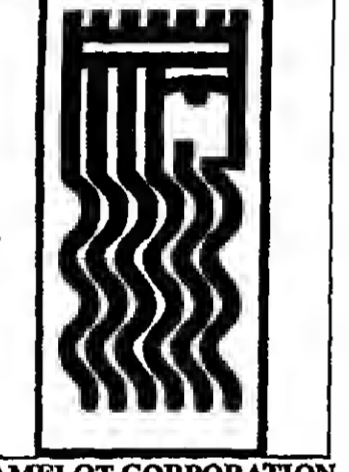
GRUPO CYDSA

Cydsa is a Mexican industrial group which operates in very diversified sectors as textile, fibers, apparel, packaging, chemical and environment. Cydsa is committed to being a World Class Corporation in all the markets in which it operates. This important group produces more than 200 products and services and it has modern plants in eight different cities of the Mexican country. Its sales hit a range of 900 million dollars. Cydsa's products are also present in the international market. It exports over more than 60 countries on every continent and today they represent 45% of the total sales volume. The company has an employee's force composed by 10,000 people, all of whom have a serious commitment with the continuous improvement in order to create added value to its customers, stockholders and themselves and to build a World Class Corporation.



AMERICAN STANDARD COMPANIES INC.

American Standard (NYSE:ASD) is a global, diversified company and, with its 37 joint ventures, operates 102 manufacturing facilities in 34 countries employing approximately 63,000 people. ASD develops and manufactures: Toilet® and American Standard® central air conditioning systems; the commercial, institutional and residential buildings (9% of sales); American Standard® toilet Standard®, Shower® and Freckle® bathtubs and fittings (24% of sales); WABCO® ABS and ABS braking and control systems (10% of sales) for some of the world's leading manufacturers of commercial and utility vehicles; ASD is differentiated as a worldwide leader in Demand Flow® Technology, a comprehensive management approach that extracts customer service and achieves a competitive advantage through manufacturing and operating efficiencies.




CAMELOT CORPORATION

Camelot Corporation (NASDAQ: CAML) is a USA holding company focusing on software development and distribution. Its subsidiaries are Third Planet, which publishes DigPhone software, the complete Internet phone system allowing free long-distance over the Internet (<http://www.digphone.com>), Camelot Internet Access Services, an Internet service provider, Camelot Distributing, a CD-ROM software distributor to independent retailers worldwide, and Mc CD-ROM Stores, the first CD-ROM software chain in the world featuring more than 2000 titles and seeking international master franchises.




DANA CORPORATION

Dana Corporation, headquartered in Toledo, OH, and with operations in 29 countries, is a global leader in the engineering, manufacturing and distribution of products and systems for the vehicular, industrial and mobile off-highway markets. Dana's 1995 financial performance was outstanding: profits of \$288 million, up 26 percent over 1994, and record sales of \$7.6 billion, up 15 percent from last year.




ENGELHARD CORPORATION

Engelhard (NYSE) is a world-leading provider of environmental technologies, specialty chemical products, engineered materials and related services. Five straight years of recent earnings were marked by a 17% EPS increase in 1995, and dividends have been raised for 13 consecutive years. Stock price climbed 47% last year, producing a five-year cumulative return (including dividends) nearly twice S&P's 500 Index and Dow Jones Chemical Sector. Engelhard's aggressive growth strategy is outlined in this annual review.




JENNY CRAIG

Jenny Craig (NYSE:JIC) is one of the largest weight management companies in the world - the only U.S. public company operating exclusively in that field. With approximately 781 Company-owned and franchised centres, Jenny Craig is closely associated with personalized service, lifestyle changes and delicious, high-quality food products. In the 3/31 quarter, JIC reported a gain in EPS from \$0.05 to \$0.35 and repurchased over 3.5 million shares.




NORFOLK SOUTHERN

Norfolk Southern Corporation is a holding company that, through subsidiaries, provides rail and truck transportation services and owns natural resource properties. Norfolk Southern's vision is to "be the safest, most customer-focused and successful transportation company in the world." Five-year growth (1995 compared with 1990) saw income from railway operations up 34%, net income up 32%, earnings per share up 63%, return on equity up 40% and safety improvement up 63%.




SONOCO PRODUCTS COMPANY

Sonoco is a growth-oriented, global leader in the packaging industry with a 96-year record of annual sales growth of 12.4% and annual profit growth of 12.5%. Sonoco's 1995 sales were \$2.7 billion, 17.7% more than in 1994. And, 1995 earnings per share were 25.2% more than 1994. Not limited to consumer, distribution was \$100.8 million, 26.4% more than 1994. Sonoco is currently working toward achieving VISION 2000, the company's plan to double sales, double earnings and significantly increase shareholder value by the year 2000. Sonoco plans to achieve this objective with an emphasis on internal growth in its diverse range of industrial and consumer packaging products. The company has more than 270 operations in 29 countries. CEO Charles Oiler says, "Sonoco's continuing position for satisfying customer and profitable growth will be the higher performance year after year."



UtilCorp United (NYSE:UCU)

In 1995 UtilCorp continued creating America's first national utility by launching EnergyOne™, the first nationwide brand of electric and gas products and services. It also acquired 49.9% of United Energy, Australia's first privatized electric distribution utility. With sales of \$2.5 billion, UtilCorp markets energy nationally in the U.S., operates utilities in eight states and British Columbia, and has joint ventures in the United Kingdom, New Zealand and Jamaica.



ING GROUP

ING is a company with Dutch roots which has wide experience in the field of financial services. ING is active on a worldwide scale, offering its clients a full range of financial products and services through various distribution channels. The basis of ING Group's continuity is its financial strength, its healthy profit base, and careful weighting of the interests of its clients, shareholders and employees. In all its activities ING is aware of its social responsibilities. Responsiveness to the customer's needs, entrepreneurship, integrity and professionalism are paramount in all the Group's activities. Internet: <http://www.ing.nl>

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INTERNATIONAL CAPITAL MARKETS

Issuers scramble to get dollar deals done

By Corner Middelmann

The eurobond market featured a slew of dollar issues as issuers scrambled to get deals done before the FOMC meeting on July 2 and 3 and US Independence Day on July 4.

INTERNATIONAL BONDS

Asian pre-marketing that launched was followed by a day, said J.P. Morgan, joint lead with DEB Bank. It said the deal was fully placed by the time the bonds were priced, yielding 10 basis points over Treasuries.

Philippine Long Distance Telephone Corporation issued a two-tranche \$250m global bond: \$100m of seven-year paper and \$150m of 10-year paper. The shorter tranche is due to be priced today at an indicated spread of 175-185 basis points over Treasuries.

Also in the dollar sector, the UK's Halifax Building Society issued \$200m of three-year bonds aimed at European retail investors. While some dealers agreed that the Halifax lacks a large retail following in continental Europe, lead manager Paribas said dollar activity continued to be driven by retail buying of three to five-year paper, and that the recent supply in those maturities had not satisfied demand.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Borrower, Amount, Coupon, Price, Maturity, Fees, Spread, Book-runner. Includes entries for US Dollars, Swiss Francs, Canadian Dollars, and Australian Dollars.

Final terms, non-callable unless stated. Yield spread over relevant government bonds as at launch supplied by lead manager. All interest payments in US dollars unless otherwise stated.

Abney National launched a benchmark deal in the Swiss franc market: SF200m of three-year paper, with the big three Swiss banks - Credit Suisse, SBC Warburg and UBS - as lead managers to optimise its penetration of that market.

Moody's Investors Service raised the sovereign ceiling rating of the Republic of Iceland to A1 from A2, due largely to the success of structural reforms in restoring the macro-economic balance in the country.

Hanoi gives green light for foreign convertible

By Jeremy Grant in Hanoi

Vietnam has given the go-ahead for the first issue by a local company of convertible bonds overseas, a \$5m facility raised by Ho Chi Minh City-based REE Refrigeration.

The issue is also significant because Vietnamese law technically forbids foreigners from buying stakes directly in local companies. However, the transaction was cleared by deputy prime minister Phan Van Khai on a trial basis, according to Dragon Capital director Dominic Scriven.

ING Bank raises \$250m of Tier 3 floating-rate debt

By Corner Middelmann

ING Bank yesterday became the first bank to take advantage of the European Union's new Capital Adequacy Directive (CAD) to raise Tier 3 debt in the eurobond market.

The Dutch bank issued \$250m of two-year floating-rate notes paying a coupon of 6.25 basis points over the London inter-bank offered rate (Libor). Banks have traditionally funded their banking and trading activities with Tier 1 capital, which includes equity, cash and non-cumulative perpetual debt, and Tier 2 capital made up of dated subordinated debt, and cumulative perpetual debt.

Its overall minimum regulatory capital requirement.

This condition makes Tier 3 debt riskier for investors, and makes its risk harder to assess by the rating agencies. Neither Standard & Poor's nor Moody's has rated ING's offering. The possibility of deferred interest and principal payments lowers the certainty of timely payment, a key criterion in bond ratings.

Uncertainty over interest rates stifles trading

By Richard Lapper in London and Lisa Bransten in New York

Government bond markets played out their equivalent of a scoreless draw yesterday, with prices moving in narrow ranges in quiet trading. Uncertainty about interest rate movements ahead of the meetings of the Bundesbank on Thursday and the FOMC next week, is one of the reasons. Also, in London at least, preoccupation with the European soccer championship and other sporting events is generating a holiday feel to dealings.

Publication of lower than expected consumer price data from Baden-Württemberg, Hesse, North-Rhine and Westphalia gave an early boost to the German market, encouraging hopes that headline inflation for this month could fall as low as 1.2 per cent. Mr Graham McDevitt, international bond strategist at Paribas Capital Markets, said an upward revision in German output figures for April indicated that growth in the second quarter was "looking more solid" and had offset the good news on inflation.

On Liffe, the September bund future gained nearly a quarter point in early trading but met resistance at 95.18 and settled at 95.05, up 0.03.

GOVERNMENT BONDS

French bonds drifted slightly lower, with the September Notionnel contract settling at 120.98, down 0.12. In the UK, gilts were helped by the strength of sterling, with the September long gilt settling at 105.6, up 0.1.

High-yielding markets had a mixed day. Sweden outperformed, with the 10-year spread over bunds falling to 170 basis points, down 6 basis points. But both Spain and Italy lost ground against bunds, with spreads over Germany widening by 6 basis points to 237 and 191 basis points respectively.

Analysts attributed the Italian sell-off to the lack of an interest rate cut on Friday and said action is now unlikely because CFI figures for June are released on July 5. On Liffe, the September BTP future settled at 116.30, down 0.13.

US Treasury prices were nearly flat in early trading as traders awaited new supply in auctions today and tomorrow.

Near midday, the benchmark 30-year Treasury was down 1/8 at 88 1/2 to yield 7.033 per cent, its lowest two-year note rose to 99 1/2, yielding 6.293 per cent. The September 20-year Treasury future was flat at 107.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Date, Price, Yield, Week ago, Month ago. Lists prices for Australia, Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK Gilts, and US Treasury.

BUND FUTURES OPTIONS (LIFE) Dn250,000 points of 100%

Table with columns: Strike, Price, Call, Put, Sep, Oct, Nov, Dec. Lists prices for various strike prices.

ITALY

Table with columns: Open, Set price, Change, High, Low, Est. vol, Open Int. Lists prices for Italian government bonds.

ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFE) Ltr200m (100ths of 100%)

Table with columns: Strike, Price, Call, Put, Sep, Oct, Nov, Dec. Lists prices for Italian government bond futures options.

FT-ACTUARIES FIXED INTEREST INDICES

Table with columns: Index, Jun 24, Jun 21, Day's change, Jun 21, Jun 24, Jun 21, Jun 24. Lists various fixed interest indices.

FT FIXED INTEREST INDICES

Table with columns: Index, Jun 24, Jun 21, Day's change, Jun 21, Jun 24, Jun 21, Jun 24. Lists various fixed interest indices.

GILT EDGED ACTIVITY INDICES

Table with columns: Index, Jun 21, Jun 18, Jun 15, Jun 12, Jun 9, Jun 6, Jun 3. Lists various gilt edged activity indices.

US INTEREST RATES

Table with columns: Rate, One month, Three month, Six month, One year, Two year, Three year, Five year, Ten year, 30 year. Lists various US interest rates.

UK

Table with columns: Index, Jun 24, Jun 21, Day's change, Jun 21, Jun 24, Jun 21, Jun 24. Lists various UK interest rates.

Japan

Table with columns: Index, Jun 24, Jun 21, Day's change, Jun 21, Jun 24, Jun 21, Jun 24. Lists various Japanese interest rates.

Other Fixed Interest

Table with columns: Index, Jun 24, Jun 21, Day's change, Jun 21, Jun 24, Jun 21, Jun 24. Lists various other fixed interest rates.

BOND FUTURES AND OPTIONS

France

Table with columns: Open, Set price, Change, High, Low, Est. vol, Open Int. Lists prices for French bond futures and options.

Germany

Table with columns: Open, Set price, Change, High, Low, Est. vol, Open Int. Lists prices for German bond futures and options.

UK Gilts Prices

Table with columns: Index, Jun 24, Jun 21, Day's change, Jun 21, Jun 24, Jun 21, Jun 24. Lists various UK gilt prices.

Japan

Table with columns: Index, Jun 24, Jun 21, Day's change, Jun 21, Jun 24, Jun 21, Jun 24. Lists various Japanese bond prices.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on June 24.

Table with columns: Issued, Bid, Offer, Cmp. Yield, Issued, Bid, Offer, Cmp. Yield. Lists various international bonds.

COMMODITY BOND

Table with columns: Index, Jun 24, Jun 21, Day's change, Jun 21, Jun 24, Jun 21, Jun 24. Lists various commodity bond prices.

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CURRENCIES AND MONEY

MARKETS REPORT

Market focus shifts towards G7 summit in Lyon

By Philip Gawth

It is a measure of the torpor which hangs over the foreign exchange markets that talk yesterday should already have turned to the G7 summit in Lyon later this week.

There was little by way of news or data releases for the markets to chew on, leaving prices to trade in a very narrow range.

The dollar finished in London at DM1.5289 and ¥108.105 from DM1.5289 and ¥108.900.

POUND SPOT FORWARD AGAINST THE POUND

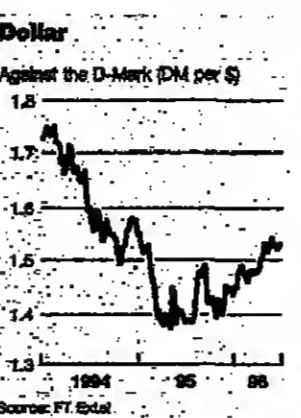
Table with columns: Country, Currency, Bid/offer, Day's high/low, One month rate, Three months rate, One year rate, Bank of England index.

off an intra-day low of L1,008.9. After starting the day weaker, sterling rallied to finish with the trade weighted index unchanged at 85.9.

The one piece of data which was being discussed was German cost of living figures for June. Mr Tony Norfield, UK treasury economist at ABN AMRO in London, said releases from some of the Lander suggested overall inflation was likely to be around 1.3 per cent in June, compared to 1.5 per cent in May.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Country, Currency, Bid/offer, Day's high/low, One month rate, Three months rate, One year rate, J.P. Morgan index.



been shorter than the current one's 14 months." Mr Marber is still instructing clients to stay long the dollar.

BASE LENDING RATES

Table with columns: Bank, Rate, %.

His strictures seem harsh. The rally in the dollar last year can be traced almost directly to the statement of support from the Washington meeting of G7 finance ministers and central bankers in April.

Mr Carl Weinberg, chief economist at High Frequency Economics in New York, is one who thinks the summit may give markets "a boost."

EURO CURRENCY INTEREST RATES

Table with columns: Country, Currency, Short term, 7 days, One month, Three months, One year.

CROSS RATES AND DERIVATIVES

Table with columns: Country, Currency, Bid/offer, Day's high/low, One month rate, Three months rate, One year rate.

UK INTEREST RATES

Table with columns: Term, Rate, %.

EMU EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, Bid/offer, Day's high/low, One month rate, Three months rate, One year rate.

WORLD INTEREST RATES

Table with columns: Country, Currency, Term, Rate, %.

LIBOR FT LONDON

Table with columns: Term, Rate, %.

OTHER CURRENCIES

Table with columns: Country, Currency, Bid/offer, Day's high/low, One month rate, Three months rate, One year rate.

THREE MONTH EURO CURRENCY FUTURES (LIFE) DM100 points of 100%

Table with columns: Date, Open, Settle, Change, High, Low, Est. vol, Open int.

THREE MONTH EURO CURRENCY FUTURES (LIFE) £100m points of 100%

Table with columns: Date, Open, Settle, Change, High, Low, Est. vol, Open int.

THREE MONTH EURO CURRENCY FUTURES (LIFE) ¥100m points of 100%

Table with columns: Date, Open, Settle, Change, High, Low, Est. vol, Open int.

THREE MONTH EURO CURRENCY FUTURES (LIFE) SFR100m points of 100%

Table with columns: Date, Open, Settle, Change, High, Low, Est. vol, Open int.

THREE MONTH EURO CURRENCY FUTURES (LIFE) EUR100m points of 100%

Table with columns: Date, Open, Settle, Change, High, Low, Est. vol, Open int.

BASE LENDING RATES

Table with columns: Bank, Rate, %.

THREE MONTH EURO CURRENCY FUTURES (LIFE) DM100 points of 100%

Table with columns: Date, Open, Settle, Change, High, Low, Est. vol, Open int.

THREE MONTH EURO CURRENCY FUTURES (LIFE) £100m points of 100%

Table with columns: Date, Open, Settle, Change, High, Low, Est. vol, Open int.

THREE MONTH EURO CURRENCY FUTURES (LIFE) ¥100m points of 100%

Table with columns: Date, Open, Settle, Change, High, Low, Est. vol, Open int.

THREE MONTH EURO CURRENCY FUTURES (LIFE) SFR100m points of 100%

Table with columns: Date, Open, Settle, Change, High, Low, Est. vol, Open int.

THREE MONTH EURO CURRENCY FUTURES (LIFE) EUR100m points of 100%

Table with columns: Date, Open, Settle, Change, High, Low, Est. vol, Open int.

MARGINED FOREIGN EXCHANGE TRADING advertisement.

FUTURES AND OPTIONS TRADING advertisement.

FUTURES AND OPTIONS TRADING advertisement.

Futures & Options advertisement.

Margined FOREX advertisement.

KNIGHT-RIDDER'S FUTURES MARKET DATABANK advertisement.

WANT TO KNOW A SECRET? advertisement.

FUTURES - TAX FREE advertisement.

OFFSHORE COMPANIES advertisement.

Petroleum Argus Daily Oil Price Reports advertisement.

MarketEye advertisement.

Get real-time quotes the easy way... with Signal! advertisement.

FAST 64 KBIT SATELLITE TECHNOLOGY advertisement.

SHARE SENTRY advertisement.

FT GUIDE TO WORLD CURRENCIES advertisement.

Les Echos advertisement.

Shimizu International Finance (USA), Inc advertisement.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, share price, and change.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector with columns for company name, share price, and change.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector with columns for company name, share price, and change.

BREWERS, PUBS & REST

Table listing companies in the Brewers, Pubs & Rest sector with columns for company name, share price, and change.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector with columns for company name, share price, and change.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Mats. & Merchants sector with columns for company name, share price, and change.

CHEMICALS

Table listing companies in the Chemicals sector with columns for company name, share price, and change.

DISTRIBUTORS

Table listing companies in the Distributors sector with columns for company name, share price, and change.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector with columns for company name, share price, and change.

ELECTRICITY

Table listing companies in the Electricity sector with columns for company name, share price, and change.

ELECTRONIC & ELECTRICAL EQPT

Table listing companies in the Electronic & Electrical Eqpt sector with columns for company name, share price, and change.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company name, share price, and change.

ENGINEERING

Table listing companies in the Engineering sector with columns for company name, share price, and change.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector with columns for company name, share price, and change.

EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the Extractive Industries - Cont. sector with columns for company name, share price, and change.

FOOD PRODUCERS

Table listing companies in the Food Producers sector with columns for company name, share price, and change.

FOOD PRODUCERS - Cont.

Table listing companies in the Food Producers - Cont. sector with columns for company name, share price, and change.

GAS DISTRIBUTION

Table listing companies in the Gas Distribution sector with columns for company name, share price, and change.

HEALTH CARE

Table listing companies in the Health Care sector with columns for company name, share price, and change.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector with columns for company name, share price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, share price, and change.

INVESTMENT TRUSTS - Cont.

Table listing companies in the Investment Trusts - Cont. sector with columns for company name, share price, and change.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Table listing companies in the Electronic & Electrical Eqpt - Cont. sector with columns for company name, share price, and change.

ENGINEERING

Table listing companies in the Engineering sector with columns for company name, share price, and change.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company name, share price, and change.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector with columns for company name, share price, and change.

EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the Extractive Industries - Cont. sector with columns for company name, share price, and change.

FOOD PRODUCERS

Table listing companies in the Food Producers sector with columns for company name, share price, and change.

FOOD PRODUCERS - Cont.

Table listing companies in the Food Producers - Cont. sector with columns for company name, share price, and change.

GAS DISTRIBUTION

Table listing companies in the Gas Distribution sector with columns for company name, share price, and change.

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Table listing companies in the Health Care sector with columns for company name, share price, and change.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector with columns for company name, share price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, share price, and change.

INVESTMENT TRUSTS - Cont.

Table listing companies in the Investment Trusts - Cont. sector with columns for company name, share price, and change.

INVESTMENT TRUSTS SPLIT CAPITAL

Table listing companies in the Investment Trusts Split Capital sector with columns for company name, share price, and change.

INVESTMENT TRUSTS SPLIT CAPITAL - Cont.

Table listing companies in the Investment Trusts Split Capital - Cont. sector with columns for company name, share price, and change.

INVESTMENT TRUSTS SPLIT CAPITAL - Cont.

Table listing companies in the Investment Trusts Split Capital - Cont. sector with columns for company name, share price, and change.

INVESTMENT TRUSTS SPLIT CAPITAL - Cont.

Table listing companies in the Investment Trusts Split Capital - Cont. sector with columns for company name, share price, and change.

Advertisement for SPECTACLE by ACL. Includes the text 'In a word, SPECTACLE. Our focus on effective company cost funding and management makes clear sense for your business.' and contact information: 0800 269895, ACL, and address: HEAD OFFICE: 24-26 Newport Road, Cardiff CF2 1SR. Fax: 01222 490729.

Handwritten Arabic text: مكتبة النور

Vertical text on the right edge: 01.71... May... quite... the... or...

Vertical text on the right edge: b... 51.0... the... for...

Vertical text on the right edge: Ont... 103... 102... 101...

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for Name, Price, and % Change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, and % Change.

INVESTMENT COMPANIES

Table listing investment companies with columns for Name, Price, and % Change.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for Name, Price, and % Change.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies (continued).

LIFE ASSURANCE

Table listing life assurance companies.

MEDIA

Table listing media companies.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies.

OIL, INTEGRATED

Table listing integrated oil companies.

OTHER FINANCIAL

Table listing other financial companies.

LEISURE & HOTELS

Table listing leisure and hotel companies (repeated).

OTHER FINANCIAL - Cont.

Table listing other financial companies (continued).

PAPER, PACKAGING & PRINTING

Table listing paper, packaging and printing companies.

PHARMACEUTICALS

Table listing pharmaceutical companies.

PROPERTY

Table listing property companies.

PROPERTY

Table listing property companies (repeated).

PROPERTY

Table listing property companies (repeated).

PROPERTY

Table listing property companies (repeated).

PROPERTY - Cont.

Table listing property companies (continued).

RETAILERS, FOOD

Table listing food retailers.

RETAILERS, GENERAL

Table listing general retailers.

RETAILERS, GENERAL - Cont.

Table listing general retailers (continued).

SUPPORT SERVICES

Table listing support services companies.

SUPPORT SERVICES

Table listing support services companies (repeated).

SUPPORT SERVICES

Table listing support services companies (repeated).

SUPPORT SERVICES - Cont.

Table listing support services companies (continued).

TELECOMMUNICATIONS

Table listing telecommunications companies.

TEXTILES & APPAREL

Table listing textiles and apparel companies.

TOBACCO

Table listing tobacco companies.

TRANSPORT

Table listing transport companies.

TRANSPORT

Table listing transport companies (repeated).

TRANSPORT

Table listing transport companies (repeated).

AIM - Cont.

Table listing AIM companies (continued).

AMERICANS

Table listing American companies.

CANADIANS

Table listing Canadian companies.

SOUTH AFRICANS

Table listing South African companies.

GUIDE TO LONDON SHARE SERVICE

Price for the London Share Service... Symbols referring to listed status appear in the notes column daily as a guide to yields and P/E ratios.

From outer space to the factory floor Rockwell leads the way. Rockwell logo and text.

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 673 4376 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing Bermuda (SIB Recognised) funds including Family Currency Funds Ltd, Bermuda Investment Managers Ltd, and various international and equity funds.

BERMUDA (REGULATED)**

Table listing Bermuda (Regulated) funds including Bermuda Investment Managers Ltd, Bermuda Equity Fund, and various international and equity funds.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey (SIB Recognised) funds including AIF Investment Managers (Guernsey) Ltd, Guernsey Equity Fund, and various international and equity funds.

IRELAND (SIB RECOGNISED)

Table listing Ireland (SIB Recognised) funds including AIF Fund Management Ltd, Ireland Equity Fund, and various international and equity funds.

IRELAND (REGULATED)**

Table listing Ireland (Regulated) funds including AIF Fund Management Ltd, Ireland Equity Fund, and various international and equity funds.

GUERNSEY (REGULATED)**

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IRELAND (SIB RECOGNISED)

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IRELAND (REGULATED)**

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ISLE OF MAN (SIB RECOGNISED)

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FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Main table containing fund names, descriptions, and prices. Includes sections for 'OTHER OFFSHORE FUNDS' and 'OFFSHORE INSURANCES'.

MANAGED FUNDS NOTES
Prices are in GBP unless otherwise stated and these prices are subject to change without notice.

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LONDON STOCK EXCHANGE

MARKET REPORT

Worries over earnings downgrades hit shares

By Steve Thompson, UK Stock Market Editor
Traders in London's equity market were fighting over the few scraps of institutional business being transacted, at the start of what promises to be a quiet week.

points on Friday, the Dow Jones Industrial Average made further rapid progress at the outset yesterday, climbing some 30 points in response to a comforting performance by US bonds. Gilt did their best to support the UK equity market, holding up well ahead of tomorrow's 53m auction.

precious little we can do about it," noted the head of marketmaking at one UK securities house.
Important economic news items are thin on the ground and while there is a long list of company news items, only one FT-SE 100 index constituent, Asda, the food retailing group, is expected to report.

had been unhappy with downgrades of ICI and BTR last week, and adopted the view that there were more cuts in earnings forecasts to come in the next few weeks.
"Analysts will be talking to managements and the feeling is that there will be a lot more bad news on profits than good news," said one senior salesman.

driving the index into the red within 15 minutes of the opening.
The Footsie future gave no assistance to the cash market, trading at a discount all day and undermining confidence among dealers.
The prospect of a series of lucrative Ministry of Defence contracts drove British Aerospace to the top of the Footsie performance table.

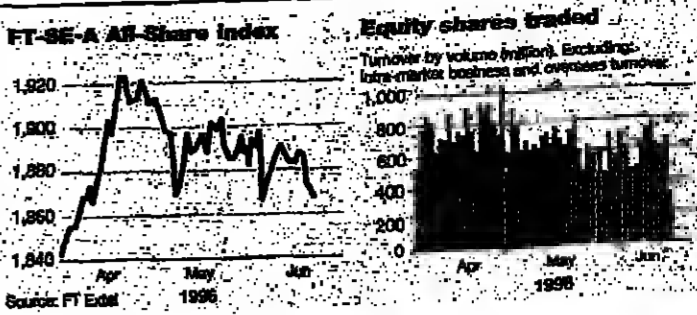


Table with columns: Index and ratios, FT-SE 100, FT-SE Mid 250, FT-SE-A 350, FT-SE-A All-Share, FT-SE-A All-Share yield. Values include 3710.8, 4433.3, 1576.4, 1825.79, 3.84.

Tough start for Sun Life

Volume in London was dominated by the first day of trading in Sun Life & Provincial Holdings, the UK and Ireland arm of UAF, the French insurer.

hit Mirror Group, which saw its share price fall by more than 3 per cent at one stage.
On Saturday, News International launched an offer to buy the News of the World for 10p a copy with a voucher in the Sun. This is expected to hit sales of the competing Sunday Mirror and, consequently, profits at the parent.

British Borneo rose 20 to 571p on the back of an announcement that a subsidiary of the exploration and production company has leased a deep-water drilling rig. The announcement carried the implication that British Borneo is making big strides at one of its exploration fields, probably in the Gulf of Mexico.

on concern about overcapacity in its important polyester and titanium dioxide markets.
Speciality chemicals group BTP rose 16 to 294p following well received full-year figures.
British Biotech had some of the wind taken out of its sails as the cautious sentiment to the market led to a certain amount of profit-taking.

Perpetual, the fund manager, recorded 48 to 545p on the back of industry figures which showed that net sales of unit trusts in May had halved from their April level.
Birse, the builder, moved ahead 4% to 79p on trading volume of 2.1m shares. Speculative buying was said to be behind the rise.

FUTURES AND OPTIONS

Table with columns: FT-SE 100 INDEX FUTURES (LFFE) 225 per full index point, FT-SE 100 INDEX OPTION (LFFE) 210 per full index point. Includes data for Sep, Oct, Nov, Dec.

Consequently, institutions which had put in bids for stock through the book-building process, and assumed that their bids would be scaled back, were left with more shares than they bargained for. They offloaded the surplus in the market and Fleming was said to have been bidding for stock all day.

Oil prices supported
Lasso and Enterprise Oil, the UK's principal oil exploration and production companies, were supported by an enthusiastic broker note.

British Aerospace improved 14 to 990p to anticipation of replacement orders for Nimrod aircraft and reports that the UK government plans to boost spending on defence by 200m over the next 10 years.

Wessex Water, viewed by many analysts as the next takeover target in the water stocks, moved forward 18 to 367p.

Orange, the mobile telephone group, was heavily dealt on its first day of trading in the Footsie. The shares fell 6 to 2374p on volume of 10m.

TRADING VOLUME

Table with columns: Major Stocks Yesterday, Volume, Change, Days. Lists various stocks like ASDA Group, British Airways, etc.

Mirror dulled

A focus on the return of a price war among the tabloids

Oils supported

Lasso and Enterprise Oil, the UK's principal oil exploration and production companies, were supported by an enthusiastic broker note.

FT-SE 100 index and an SBC Warburg upgraded forecast

House of Fraser formed to 18p after the announcement of three new board members, with Mr Tony Hancock, the current operations director, leaving the group.

British Aerospace improved 14 to 990p

to anticipation of replacement orders for Nimrod aircraft and reports that the UK government plans to boost spending on defence by 200m over the next 10 years.

Orange, the mobile telephone group, was heavily dealt on its first day of trading

in the Footsie. The shares fell 6 to 2374p on volume of 10m.

FT GOLD MINES INDEX

Table with columns: Gold Mines Index, Jun '96, May '96, Apr '96, Mar '96, Feb '96, Jan '96. Values include 2868.28, 2872.88, 2878.88, 2883.88, 2888.88, 2893.88.

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WORLD STOCK MARKETS

EUROPE

Table of European stock market data including indices and individual stock prices for various countries like Austria, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, Switzerland, and the UK.

ASIA

Table of Asian stock market data including indices and individual stock prices for countries like Australia, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, South Korea, Taiwan, Thailand, and the Philippines.

AMERICA

Table of American stock market data including indices and individual stock prices for the US and Canada.

AFRICA

Table of African stock market data including indices and individual stock prices for South Africa and other regional markets.

MARKETS

Table of global market data including exchange rates, commodity prices, and other financial indicators.

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INDICES

Table of major stock indices including the Nikkei 225, Nikkei 500, Nikkei 1000, Nikkei 1500, Nikkei 2000, Nikkei 2500, Nikkei 3000, Nikkei 3500, Nikkei 4000, Nikkei 4500, Nikkei 5000, Nikkei 5500, Nikkei 6000, Nikkei 6500, Nikkei 7000, Nikkei 7500, Nikkei 8000, Nikkei 8500, Nikkei 9000, Nikkei 9500, Nikkei 10000.

US INDICES

Table of US stock indices including the S&P 500, Dow Jones Industrial Average, Dow Jones Industrial Average - Excl. Energy, Dow Jones Industrial Average - Excl. Tech, Dow Jones Industrial Average - Excl. Health Care, Dow Jones Industrial Average - Excl. Financials, Dow Jones Industrial Average - Excl. Consumer Goods, Dow Jones Industrial Average - Excl. Industrials, Dow Jones Industrial Average - Excl. Services, Dow Jones Industrial Average - Excl. Utilities, Dow Jones Industrial Average - Excl. Telecom, Dow Jones Industrial Average - Excl. Energy & Chemicals, Dow Jones Industrial Average - Excl. Health Care & Pharmaceuticals, Dow Jones Industrial Average - Excl. Financials & Insurance, Dow Jones Industrial Average - Excl. Consumer Goods & Retail, Dow Jones Industrial Average - Excl. Industrials & Manufacturing, Dow Jones Industrial Average - Excl. Services & Business, Dow Jones Industrial Average - Excl. Utilities & Energy.

US RATIOS

Table of US financial ratios including P/E Ratio, P/B Ratio, Dividend Yield, and other key metrics for various sectors and indices.

ACTIVE STOCKS

Table of active stocks including the most active stocks in the US market, categorized by sector and volume.

MARKETS

Table of market data including exchange rates, commodity prices, and other financial indicators.

DIEX FUTURES

Table of DIEX futures data including prices and changes for various contracts.

WORLD

Table of world stock market data including indices and individual stock prices for various countries.

MARKETS

Table of market data including exchange rates, commodity prices, and other financial indicators.

MARKETS

Table of market data including exchange rates, commodity prices, and other financial indicators.

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Table of market data including exchange rates, commodity prices, and other financial indicators.

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4 per class June 24

NEW YORK STOCK EXCHANGE PRICES

Main table of stock prices with columns for stock symbols, prices, and volume. Includes sub-sections for 'NEW YORK STOCK EXCHANGE PRICES', 'NASDAQ LISTED STOCKS', and 'NASDAQ LISTED STOCKS'.

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Continued on next page

4 pm close June 24

NYSE PRICES

Table of NYSE stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'Continued from previous page' and 'AMER'.

Table of NYSE stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'AMER' and 'AMER'.

Table of NYSE stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'AMER' and 'AMER'.

NASDAQ NATIONAL MARKET

4 pm close June 24

Table of NASDAQ stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'AMER' and 'AMER'.

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Table of NASDAQ stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'AMER' and 'AMER'.

AMEX PRICES

Table of AMEX stock prices including columns for stock name, price, change, and volume.

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4 Indonesia: Energy

Power by Manuela Saragosa and Robert Corzine

Growing demand whets appetites

Private projects have flooded in but distribution must be improved if they are to pay off

Ever since Indonesia kicked off its privatisation program for power generation in 1990, solicited and unsolicited private power projects have poured into the country. Indonesia is estimated to need about \$11.5bn in private investment for power sector expansion over the next 10 years and investors' appetites have been whetted by the rapid growth in energy demand. Industrial demand has been growing at about 25 per cent per year and with a population of more than 190m people and low per capita consumption of 380kWh per year, rapid demand growth is expected to continue well into the future. Brown-outs in most urban centres have become a thing of the past. But industry executives warn that unless PLN, the state electricity company, works rapidly over the next few years to improve its transmission and distribution system, the time and energy being devoted to getting private power projects off the ground could prove futile. Part of the problem is the way in which the privatisation programme has proceeded. Industry analysts say many of the private power projects which have been finalised are not necessarily the most efficient or cost-effective, raising

questions about PLN's ability to fulfil its obligations to buy electricity from private power plants. The closest private power projects come to a government guarantee of PLN's obligations is a so-called "soft comfort" letter from the ministry of finance which states that PLN, as a public utility, is supposed to buy electricity from private power plants. In addition, the system of awarding contracts for projects is not transparent and there are hurdles to finalising contracts which are difficult to overcome without a politically well-connected local joint-venture partner. "Project-by-project implementation involving powerful, politically well-connected business groups, without clearly defined objectives and plans, make national consensus on the appropriateness of private power and privatisation difficult, if not impossible," says Peter Jessick, a former private power adviser to the government. Palton I, the \$2.5bn coal-fired 1,230MW project awarded to a Mission Energy-led consortium of Mitsui & Co, GE Power Funding and Batu Hitam Perkasa, in which the prominent businessman Hashim Djojohadikusumo has a stake, was Indonesia's first private power "experiment". Negotiations to finalise its financing and conclude a power purchase agreement (PPA) with PLN dragged on for two and a half years. Palton I set out that PLN must buy at

least 83 per cent of the plant's capacity whatever the demand for electricity - termed a take-or-pay clause - at a PPA rate of \$0.0856 for the first six years, coming down eventually to \$0.0554. Government officials admit this is expensive but say that it was a necessary part of the learning experience. The project was to have set a benchmark for the industry. PLN has been successful in bringing prices down in PPAs agreed since, partly because competition for projects has been intense. Nevertheless, there is concern that once Palton I comes on line in 1998 and other projects follow soon after, PLN will face transmission bottlenecks. Unless investments are made to resolve these bottlenecks and if demand growth is less than expected, the take-or-pay contracts PLN has signed with private power projects will force the cash-strapped organisation to buy power from private plants while reducing generation at its lower cost hydro-electric and coal-fired plants. PLN is currently separating generation from distribution with the aim of publicly listing its power generation subsidiaries in the next two years. But critics say that, as the power sector is partially privatised, PLN must become a commercially viable operation. Yet as long as electricity tariffs are set by the president, this is not possible. At present tariffs are uniform throughout Indonesia and do not reflect the cost of

providing the service. In the meantime, negotiations continue for the setting up of gas-fired, combined-cycle power projects. Most of the private power projects signed to date have been for coal-fired plants partly because the government wants oil and gas exports to earn the country foreign exchange but also because the issue of risk allocation for gas-fired power plants has stalled negotiations. The most high-profile of the combined cycle projects under negotiation are Enron's 400MW plant in east Java and the British Gas 500MW Serpong plant in west Java. The difficulty in getting a combined-cycle project off the ground is that in order to obtain financing, someone must guarantee the gas supply for the life of the power plant. "No-one wants to take that risk," says one industry executive. "The independent power project operator tries to push it on to the fuel supplier but Pertamina, which works with the production-sharing contractor to develop the gas field, doesn't want to take the risk either and PLN is not prepared to guarantee any energy off take." Matters would be different if Indonesia had a gas pipeline grid with a number of different fields ensuring a constant flow of gas. Natural gas provides just 2 per cent of total domestic energy consumption. Perusahaan Gas Negara (PGN), the state-owned national gas company, has ambitious plans to

raise that figure to 20 per cent within 10 years. It also intends to restructure its operations to encourage wider gas use and to allow private companies into the gas market. Separate transmission and distribution arms will oversee the movement of gas, while a new PGN subsidiary, PT Co-Generation, will promote gas use in small-scale power plants, such as those for high-rise buildings. PGN has also announced plans for two large pipeline projects that would help form the basis for a domestic gas grid. The first would be an 800km, \$600m pipeline to carry gas from the Asamara field to the Duri oil field in Sumatra and on to Batam island. It will be followed by construction of a second pipeline to take Asamara gas to Palembang in southern Sumatra and Cilegon in west Java. But many industry executives doubt whether a comprehensive domestic pipeline network will ever be put in place. "A domestic gas grid is a dream," says one US executive in Jakarta. He says that in a tropical climate, demand for gas from households would be limited to cooking, not justifying the expense of installing a distribution system, even in densely populated areas such as Java. There is also uncertainty as to whether there are sufficient reserves near Java and Sumatra to support a gas grid for larger consumers. In addition, producers say the government is providing



Generating concern: industry analysts say many private projects are not necessarily the most efficient. Paul Fox

no incentive to explore for more gas near Java, given the uncertainty over what price they will be paid. Pertamina, as guardian of the country's oil and gas resources, stands between producers and potential gas consumers and sets the price those customers will pay. "There is

no free access between producer and consumer," complains one foreign oil company which has seen its gas sales plans fall through. There are also uncertainties about how much it would cost to build a domestic gas grid. "Gas needs a champion in government," says one producer.

He adds that that plans to expand gas usage have also run into opposition from existing importers of diesel fuel. "Diesel costs around \$4 per million BTU... gas could be laid for around \$3 per million BTU. But diesel importers get a \$1 mark-up, and they are politically well-connected."

Oil and gas: by Robert Corzine

Uncertainty hangs over Natuna

Questions over the gas industry's structure have eclipsed oil sector developments

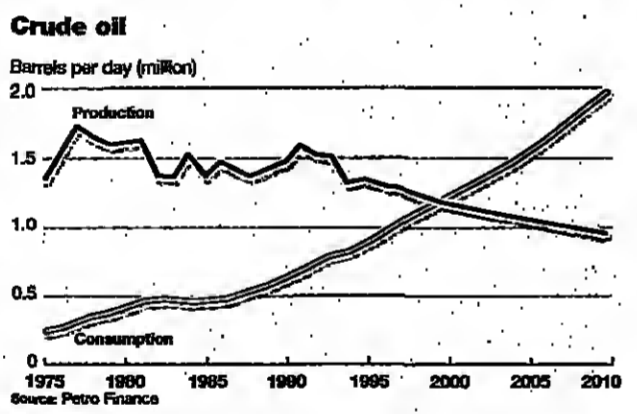
The future of Natuna, the proposed multi-billion dollar natural gas project in the South China Sea, is still the main topic of conversation among government energy officials in the Indonesian oil industry. Natuna is the largest untapped hydrocarbon resource in south-east Asia, and its development would be one of the biggest single energy projects ever undertaken. But much of Natuna's gas consists of carbon dioxide that must be separated from the valuable methane and re-injected back into the ground. Critics say that will make gas from Natuna uncompetitive with other liquefied natural gas projects aimed at the Asian market. The big problem, say oil equipment contractors, is that heavy machinery normally be located on land must be

installed offshore and added weight on offshore platforms means higher costs. But Indonesian officials and executives from Exxon, the largest US oil company and the main partner of Pertamina, Indonesia's state oil group, say they are confident cost-cutting efforts will succeed in making the project competitive. The notion of having to rebury LNG buyers a "premium" for Natuna gas is outdated, say project managers. "We haven't used the word

"premium" for three years," says one. "Natuna's costs must be internationally competitive if the project is to work." The focus of the managers has shifted in recent months from defining the initial phase of the development to project execution. That means more detailed discussions with the contractors that will bear much of the burden of ensuring that costs are contained. Promoters say the project is gaining momentum even though no buyers have yet

come forward. A contract for a conceptual engineering study will soon be awarded, "with or without any buyers lined up to take Natuna gas," says G.A.S. Nayoan, the Pertamina executive in charge of the project. He says Natuna managers have been encouraged by examples of successful cost reduction strategies in the UK and elsewhere. Project officials recently visited a number of British offshore fabrication and oil service companies to learn more about alliance contracts, under which contractors receive financial incentives to make cost savings. Increasing attention is also being paid to ways to lower operating costs as well as capital costs, in order to lower the "portability" of field costs. But many observers still believe the Indonesian government will have to make substantial financial sacrifices to ensure that the project goes ahead. "Higher cost energy projects have succeeded if the government involved accepts a lower take," says one executive close to the project. Mr Nayoan says the Jakarta government does require a financial return from Natuna. "The intention is that Natuna will make money for the government," he says. "But at what time? It may be at the front end of the project." Certainly some in the Indonesian government see the development of the gas field and nearby Natuna island as a geopolitical, rather than financial priority. The island sits into the South China Sea, scene of a series of confrontations in recent years between China and a number of other Asean governments. Some officials even fear the spectre of a resurgent Japan as justification for Natuna's urgent development. They see an eventual lifting of Tokyo's constitutional ban on the use of military forces operating outside of Japan as a further reason to bolster Indonesia's presence in the South China Sea. Another, non-financial argument used by promoters of the project is that it will lead to a large-scale transfer of technology to Indonesia. But the big uncertainty about Natuna is whether demand for its gas will materialise in the early part of the next decade. The question industry executives are asking is whether Japanese demand will be sufficient to justify a 2002-2003 start-up date for Natuna, or whether it will be pushed back towards the end of the next decade. Similar uncertainty surrounds demand from power generators in Thailand, another potential market which could be linked to Natuna by pipeline. "I have no doubt that Natuna will eventually be developed," says an executive from a rival oil company. "The question is when."

Other international companies are putting forth alternatives they say will meet demand in the early part of the next decade, and that would enable Indonesia to retain its ranking as the world's leading LNG exporter. These range from adding a ninth train to the existing LNG plant at Bon-



CASE STUDY Kondur Petroleum

In the same boat

Being Indonesian does not give oil companies a much easier ride than foreign operators

Foreign oil companies operating in Indonesia have for many years complained of the difficulty in gaining access to the ministers and officials who can make decisions affecting their projects. But can a private Indonesian oil company do any better?

Kondur Petroleum, a company connected to the Bakrie Brothers industrial and commercial conglomerate, last year took over the Indonesian oil interests of Lasso, the UK explorer, and installed an Indonesian management team. Since then it has boosted oil production at the group by a 1,000 barrels a day to 19,000 bpd. However, senior managers say that its achievements so far have had little to do with any special treatment by the authorities in Jakarta. "Sometimes being Indonesian can even work against us," says M. Suluhammadin Noor, Kondur's general manager. But being Indonesian can be a definite advantage during the course of negotiations with government or Pertamina officials. "We know when not to push them to the wall," explains Mr Noor. "And we also know the right time to drag them to the negotiating table." Nor does Kondur enjoy any extra leeway when it comes to rationalisation, a task which many foreign companies operating in the country say is difficult, given Indonesia's strict labour laws. "As far as employees are concerned, we are in a period of negative growth," says Kenner Latief, Kondur's chief executive. "But we can't just cut employees." Kondur has so far adopted a deliberately low-key approach to business. Its focus since last year has been placed on encouraging the group's 900 or so employees, many of whom were demoralised as a result of a long period of inactivity towards the end of Lasso's ownership. "People just sat around with nothing to do," says Mr Latief. In addition, Kondur, in common with most international exploration and production companies, has been busy trying to cut operating costs in an uncertain price environment. But in coming years the pace at Kondur is likely to quicken, say the two executives. "If we grow, we will grow fast," says Mr Latief. The company has already set an ambitious goal for itself of becoming a fully integrated oil organisation once the Indonesian government has followed through on its promise to liberalise the downstream sector. But unlike some foreign companies, which rushed to secure permits for the building of refineries in order to persuade government officials of their seriousness, Kondur is content to wait for the right time to make its moves. "We don't want to hold permits and do nothing with them," says Mr Noor. But are other private Indonesian companies likely to copy Kondur's example and enter the oil industry? Neither Mr Noor nor Mr Latief expects a rush into the industry, even though there is a perception among many Indonesian businessmen that it is a particularly lucrative one. The problem, the businessmen say, is that the capital costs are simply too high and the payback too drawn out to satisfy the ambitions of most Indonesian entrepreneurs.

Robert Corzine

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Sustainable management needed if the country is to use its resources

6 Indonesia

Nightlife and the social divide: by Manuela Saragosa

New wealth paints the town red

Upmarket clubs all over the capital are evidence of a growing class of nouveau riche

With its population of 10m, tangled traffic jams, seas of steel, glass and concrete towering over sprawling shanty towns, Jakarta is Indonesia's "The Kota" (mother city) nurturing some of Asia's most ostentatiously wealthy and neglecting some of Indonesia's most miserably poor.

It is where satay sellers tirelessly push their mobile kitchens around the residential streets dodging air conditioned sedans and where lepers beg near luxury shopping malls and street children jangling tambourines at red lights peer into cars windows hoping for spare change.

Wealth and poverty, east and west wrestle each other daily on Jakarta's streets and the city's nightlife reflects this.

Lower income groups go to "dangdut" bars featuring bands playing a hybrid of Indian popular music, country and western, and Malay perceptions. This is the music of the masses, a chance for Indonesians to hear their strife, love and heartache expressed in wassy lyrics.

There is the upmarket "dangdut" - found in some of Jakarta's more exclusive hotels - and the seidler, more popular variety in neon-lit bars where power cuts are part of the package if not the entertainment. Female singers clad in hip-hugging lycra and male vocalists in white suits and black ties rarely fail to entice people on to the dance floor.

But the cheap beer at some "dangdut" bars is still too expensive for those Indonesians forced to eke out an existence on a minimum wage of about Rp5,100 per day. In east Jakarta, the grimy road underneath the Jatinegara train station features entertainment of another variety - "jaipong". One side of the road is lined with makeshift stages where heavily made-up women clad

in exceptionally tight traditional "kebaya" costumes of sarongs and lace tops, sway to "dangdut" tunes. On the other side of the road, hundreds of men sit and gawk, sipping beer in the smoke of burning clove cigarettes. This is the closest Indonesian culture gets to a striptease. No clothes are shed; this, after all, is the world's largest Moslem country.

After Jakarta's hundreds of mosques have finished calling the faithful to prayer, those not tired out by the sound of "dangdut", hunt the bars and nightclubs for western-style entertainment and decadence. Jakarta is where all the big contracts are signed, decisions are made and where most of

Jakarta is the country's first port of call for the world's latest ideas and fashions

the newly rich are settling. As such it is the country's first port of call for the world's latest ideas and fashions. Many of those who make up Indonesia's elusive, burgeoning middle class would not be seen dead in a "dangdut" bar.

Noll, a 22-year old secretary fluent in English, likes everything western, including her boyfriend. Jakarta's Hard Rock Cafe is her favourite hangout, and the louder the music the better. "It comes here almost every night because I want to meet foreign guys. We meet Indonesian guys every day. I want a foreign boyfriend," she says.

Age is not an issue, but money is. Noll believes a "bule" - literally albino but slang for "western" - boyfriend is a ticket out of Indonesia and into the world.

More recently, Noll and her friends have discovered the Tanamur, probably the only nightclub in Jakarta where social class is irrelevant. Scantly dressed dancers gyrate to

technopop and house music on a wooden catwalk above a crowded, sweaty den where government ministers' children and relatives rub shoulders with actors, diplomats, prostitutes and transvestites. Indonesia's Moslem majority will ensure that Jakarta's sex industry is unlikely to ever match Bangkok's excesses. Meanwhile, however, massage parlours offering ambiguous services abound. And along a road only a short walk from President Suharto's residence in the exclusive downtown suburb of Menteng, peddlers sell puppies in cages by day and transvestites strut their stuff by night.

It is a scene fit for a Federico Fellini film: degradation in an exclusive neighbourhood. After 11pm, the road is choked with trucks and luxury sedans. Most come out of curiosity, a number come to buy sex. Immaculately made-up transvestites dressed in painfully high stilettos call out to passers by, jump into cars and reappear 10 minutes later when the car has circled the block.

But it is the number of upmarket, large technopop nightclubs sprouting everywhere in the capital that bear testimony to the growing class of "nouveau riche". This is where the children of Indonesia's elite congregate to pose and dance in a hedonistic cocktail of drugs and alcohol.

Islam restricts alcohol intake yet all of Jakarta's clubs sell beer and spirits. Over the past two years, drugs, in particular ecstasy pills, have become increasingly popular. Newspapers report drug busts most months and nightclubs are regularly raided by police.

The military has recently declared a war on ecstasy pills but has also had to remind its own security forces they are barred from nightclubs and brothels and moonlighting there as guards. Some 13 soldiers were arrested in raids on nightclubs in the past two months and a policeman was found dead from an overdose of ecstasy pills earlier this year. No-one, it seems, wants to miss out on the new-found wealth.

Business guide

Time

GMT + 7 hrs in West Zone (Java, Sumatra, Bali) GMT + 8 hrs in Central Zone (Kaliantan, Sulawesi, Timor) GMT + 9 hrs in East Zone (Molucca, Irian Jaya).

Climate

Tropical, uniformly hot and humid with monsoon rains from December-March and dry season from June-September. Rainfall averages between 150cm and 400cm a year. Hilly areas are cooler. Jakarta: hottest months: April and May, 24-31°C (average daily minimum and maximum). Coldest: January and February, 23-29°C. Driest: Wettest months: January and February, 300mm average rainfall.

Entry requirements

Passport required by all except for holders of certain documents issued by the UN or Indonesia and certain seamen. All visitors must be in possession of passports valid for at least six months with proof of onward passage, either return or through tickets. Visa: usually required for all except EU countries, US, Canada, Argentina, Australia, Brazil, Chile, Morocco, New Zealand, Scandinavia, Venezuela and ASEAN passport holders. Regulations are subject to interpretation. In doubt, obtain a visa. Special permission from the Immigration Department must be obtained for travel to Irian Jaya or Timor.

Prohibited entry: documents, including passports, issued by Israel are not acceptable. Currency The maximum Indonesian currency which may be imported or exported is Rp500,000 per person. Exchange rates for foreign currency are generally the same at banks and money changers. Major currencies or traveller's cheques may be exchanged at most banks, except in the provinces. It is advisable to carry rupiahs before travelling to outer provinces or minor towns.

Health precautions

Mandatory vaccination certificates for small-pox, yellow fever or cholera if travelling from infested areas. Advisable: cholera vaccination and anti-malarial precautions.

International-standard hotels have air-conditioning and often business centres, where translation and secretarial services are normally available. A 10 per cent service charge is normally added to the bill, so tipping with small change is usual. Where no service charge has been added, a tip of 5-10 per cent would be appropriate. Credit cards are accepted at international-standard hotels, but not for domestic air fares. International car hire companies, such as Avis and Hertz, will also accept credit cards.

Car hire Mostly chauffeur-driven, available in major towns and cities. Except for international car hire operators which accept credit cards, full payment for car hire is made up-front.

City transport Taxis: taxis can be obtained at hotels, airports and railway stations. From Soekarno-Hatta airport to Jakarta city, taxis add a surcharge of Rp2,300 and the toll road of Rp1,000. There are metered taxis only in Jakarta, Surabaya, Bandung, Solo, Semarang and Yogyakarta, but it may be necessary to insist on the use of the meter. Fares are reasonable. Taxis may also be hired by the hour, which is less expensive for longer journeys.

Public holidays Fixed dates: 1 January (New Year), 17 August (National Day), 25 December (Christmas). Variable dates: Nyepi (Balinese New Year), Good Friday, Mira, Ascension Day (Jesus Christ), Waisak, Eid al-Fitr (end of Ramadan), Eid al-Adha, Islamic New Year, Maulud, Dates of Moslem festivals may vary, as they depend on the lunar calendar.

Working hours Business: (Mon-Fri) 0830-1600 (Sat) 0830-1230. Fri: It is difficult to make an appointment after 11:00 although businessmen sometimes meet in the late afternoon and early evening. Government: (Mon-Thur) 0800-1500 (Fri) 0800-1130 (Sat) 0800-1400. Banking: (Mon-Fri) 0800-1400 (Sat) 0800-1100. Hotel banks may remain open longer. Shops: 0800/1000-2100/2200 (some close at 1730).

Social customs

Indonesia is predominantly Moslem and alcohol is not considered essential to social intercourse. Handshaking is customary but use of the left hand to give or receive is taboo. Crooking a finger to call someone is considered impolite. Do not start to consume food or drink until invited by the host to do so.

Pork is forbidden for the Moslem population and beef for the Balinese Hindus. *Pribumi* - anything indigenous to Indonesia - occurs in business with reference to local participation, capital investment or loans. Halter tops and shorts are frowned upon except in sports facilities or on the beach. Observe proper decorum in places of worship.

KEY FACTS

| | |
|---------------------------------|---|
| Official title | Republic of Indonesia (Republic of Indonesia) |
| Head of state | President General Suharto |
| Ruling party | Golongan Karya (Golkar) |
| Official language | Bahasa Indonesia |
| Currency | Rupiah |
| Exchange rate | Rp2,248:1 (1995, average) Rp2,391:1 (May 24, 1996) |
| Area | 1,919,443 sq km (17,508 islands) |
| Population | 196.6m (1995) |
| GDP per head | 1,026 (1995) |
| GDP growth | 7.1% per year (1991-95), 8.1% (1995) |
| Inflation | 8.9% (1991-95), 9.4% (1995) |
| Major exports (1994) | % of total |
| Manufactures | 64.2 |
| Oil and gas products | 24.2 |
| Raw materials | 7.0 |
| Food, drink, tobacco | 4.5 |
| Major imports (1994) | % of total |
| Machinery, transport, equipment | 42.1 |
| Other manufactures | 15.3 |
| Chemicals | 15.2 |
| Raw materials | 8.5 |
| Leading markets (1994) | % of total |
| Japan | 27.3 |
| US | 14.8 |
| European Union | 14.5 |
| ASEAN | 14.2 |
| Oil reserves | 5.6bn barrels (end-1994) |
| Trade balance | -\$7.8bn (1994) |
| Foreign debt | \$100bn (1994) |
| Aid flows | \$5.2bn (1994-95) |
| Estimated figure | Sources: EU, World of Information |



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SECOND-HAND TOBACCO SMOKE IN PERSPECTIVE

What risks do you take?

Almost every day, it seems that one thing or another has been discovered to be some kind of health risk.

In one scientific study, even drinking ordinary chlorinated water was linked to cancer.

But as common sense suggests (and scientists confirm) not everything described statistically as a risk is a meaningful risk.

For example, lots of people have been persuaded that second-hand tobacco smoke is harmful.

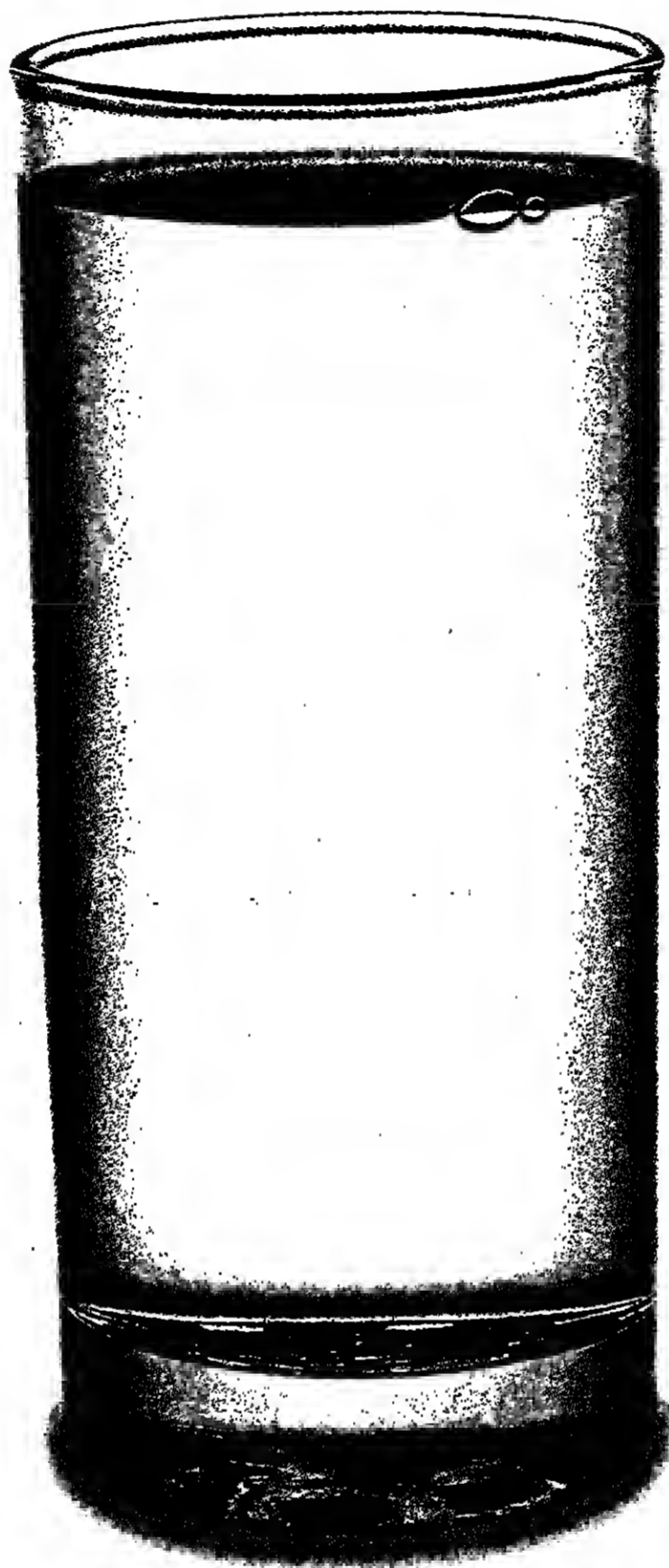
Not surprising, perhaps.

After all, we recognise that smoking itself is a risk factor for certain human diseases and that some people find second-hand tobacco smoke unappealing and unpleasant.

But what about second-hand tobacco smoke? Is it really a meaningful health risk to people who've chosen not to smoke?

Not, we think, if you look at the evidence.

The United States Environmental Protection Agency recently conducted a major review of studies on the risks of second-hand tobacco smoke to non-smokers. These studies typically involve non-smokers living with smokers over a long period, such as 20 years.



And this review put the risk of lung cancer from second-hand tobacco smoke at a level well below the risk reported by other studies for many everyday items and activities.

And below, in fact, the risk to health that one other study reported for drinking chlorinated water.

As the table below shows, many everyday activities have been statistically associated at one time or another with apparent risks to health.

But reputable scientists say that weak associations aren't necessarily meaningful.

So there's no big campaign to persuade you to stop drinking chlorinated water.

Nor is there any sound justification for a campaign against second-hand tobacco smoke.

If you'd like to decide for yourself, please write to us at Philip Morris Europe S.A., c/o P.O. Box 107, 1000 AC Amsterdam, The Netherlands or fax us on 00 31 20 671 98 89 or access us on: <http://pminfo.yrams.nl>

We'll send you the evidence about second-hand smoke.

We believe you'll find the case convincing.

Associated with additional risk
Weak association
Associated with reduced risk

| Everyday Activities | Reported Relative Risk | Reported Health Effect | Scientific Study Reference |
|--|------------------------|------------------------|--|
| Diet highest in saturated fat | 6.14 | Lung cancer | Journal of the National Cancer Institute, Vol. 85, p.1906 (1993) |
| Non-vegetarian v vegetarian diet | 3.08 | Heart disease | American Journal of Clinical Nutrition, Vol. 31, p. S191 (1978) |
| Frequently cooking with rapeseed oil | 2.80 | Lung cancer | International Journal of Cancer, Vol. 40, p. 604 (1987) |
| Drinking 1-2 glasses of whole milk per day | 1.62 | Lung cancer | International Journal of Cancer, Vol. 43, p. 608 (1989) |
| Eating one biscuit a day | 1.49 | Heart disease | Lancet, Vol. 341, p. 581 (1993) |
| Drinking chlorinated water | 1.38 | Rectal cancer | American Journal of Public Health, Vol. 82, p. 955 (1992) |
| Eating pepper frequently | 1.30 | Mortality | American Journal of Epidemiology, Vol. 119, p. 775 (1984) |
| Exposure to second-hand tobacco smoke | 1.19 | Lung cancer | U.S. Environmental Protection Agency (1992) |
| High vegetable diet | 0.37 | Lung cancer | International Journal of Epidemiology, Vol. 25, Suppl. 1, p. 32 (1996) |
| High fruit diet | 0.31 | Lung cancer | American Journal of Epidemiology, Vol. 133, p. 683 (1991) |

*Relative risk measures how much consuming, or being exposed to something, raises or lowers risk. According to the US National Cancer Institute... "In epidemiologic research, relative risks of less than 2 are considered small and are usually difficult to interpret. Such increases may be due to chance, statistical bias, or effects of confounding factors that are sometimes not evident."

Philip Morris Europe S.A.

Second-hand tobacco smoke. Let's keep a sense of perspective.

NEWS: UK

PM sets date for end to beef export curbs

By Robert Peston in London and Neil Buckley in Brussels
The UK will be in a position to see the lifting of almost all elements in the European Union's ban on beef exports by November...

met conditions laid down in the framework plan agreed by EU heads over the weekend...

and we have lost up to 100,000 sheep and 300,000 calves...



The Daily Mirror, the second biggest selling daily newspaper in Britain, harked back to the second world war yesterday...

Banned trader 'unfairly blamed'

By John Gapper, Banking Editor

Mr Ron Baker, former head of derivatives trading at Barings, yesterday accused fellow executives at the merchant bank that collapsed last year of 'knowingly or unknowingly conspiring'...

UK NEWS DIGEST

Medical skills to be promoted

London First, a promotion group backed by most of the capital's biggest companies, local authorities and by the Department of Trade and Industry, is planning a campaign to sell London as Europe's centre for medical excellence...

US pharmaceutical investment

A US pharmaceutical research company yesterday announced plans to create up to 300 jobs in Scotland, North Carolina-based Quintiles intends to establish a clinical data management services plant at Bathgate, West Lothian...

Second mail strike looms

Talks over the mail dispute continued last night, but hopes of averting a second national strike on Thursday were not high. The CWU postal workers' union was discussing pay and conditions with Royal Mail managers...

River Thames plans reviewed

The first planning framework for the Thames in London has been published by the government in an attempt to improve public access to the river and improve the quality of property development along its banks...



will have to be in keeping with London's status as a 'world city'. The government is also keen to encourage passenger and freight traffic on the Thames and increase the amount of waste which is transported by river rather than road.

Dutch asked to assist cattle cull

By George Parker, Political Correspondent

Britain is looking at the possibility of exporting thousands of cattle carcasses to rendering plants elsewhere in Europe, as part of its drive to remove the backlog of animals due for slaughter under the BSE cull.

that Dutch companies had been approached to help tackle the problem. 'There might have to be some amendments to the EU's export ban because shipping carcasses to Holland might be seen by some as a resumption of the beef trade...'

Government in showdown over asylum benefit rule

By James Blitz, Political Correspondent

The government was heading for a tense showdown with the opposition Labour party last night over plans to legislate restrictions on benefit payments to asylum seekers.

come the Court of Appeal's ruling by writing the legislation into the text of the Asylum bill itself. Labour, yesterday claimed the government was embarking on a risky strategy...

House of Commons yesterday. 'We are determined that this judgment will not provide a blank cheque for bogus asylum seekers...'

Army prepares to fight on 'digital' battlefield

Competition for vehicle contracts worth \$4.6bn will determine which manufacturers stay in business

By Bernard Gray, Defence Correspondent

Army commanders always complain they are the poor relations in the services' equipment programme. Billions may be spent on nuclear submarines and aircraft carriers for the Royal Navy, while the Royal Air Force gets billions more for its fighters...

which can map ground movements from radar or heat images are being studied. 'Troops will have to be highly mobile: the Ministry of Defence has placed an order for more than 400 of the new 65-tonne Vickers Challenger II tanks...'

new style of army, the competition to supply them will determine which of Britain's armoured vehicle manufacturers stay in business. Three basic types of vehicle will be needed...

the vehicles while France wants to award its share of the contract to its armour maker Giat. Two Anglo-German consortiums are vying for the order...

way from being resolved. British ministers hope that the alliances formed in this competition will help arms makers consolidate by producing international joint ventures...

car which will be packed with electronics and sensors. These Tracer vehicles will be much more expensive than the battlefield taxis, with the 400-odd which the UK wants costing about £1bn making the programme vulnerable to Treasury spending cuts...

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State properties to be transferred to private sector

By Simon London, Property Correspondent

The government is planning to transfer more than 900 Department of Social Security office buildings to the private sector in a contract worth up to \$4bn (\$6.1bn) under the Private Finance Initiative (PFI). Following an internal review, ministers decided to contract out as many property functions as possible under the PFI...

of England. The latest project includes virtually all the departments, remaining office premises, most of which are occupied by the Benefits Agency, accounting for more than 15 per cent of all government office premises in the UK...

CONTRACTS & TENDERS

APV RT. HUNGARIAN PRIVATISATION AND STATE HOLDING COMPANY. Announcement of the results of the tender. The Board of Directors of the Hungarian Privatisation and State Holding Company passed a resolution concerning the results of the tender announced for the sale of the state-owned shares in Forum Hotel Co. (Forum Szálloda Rt.)...

BUSINESS AND THE LAW

No VAT refund for share sale



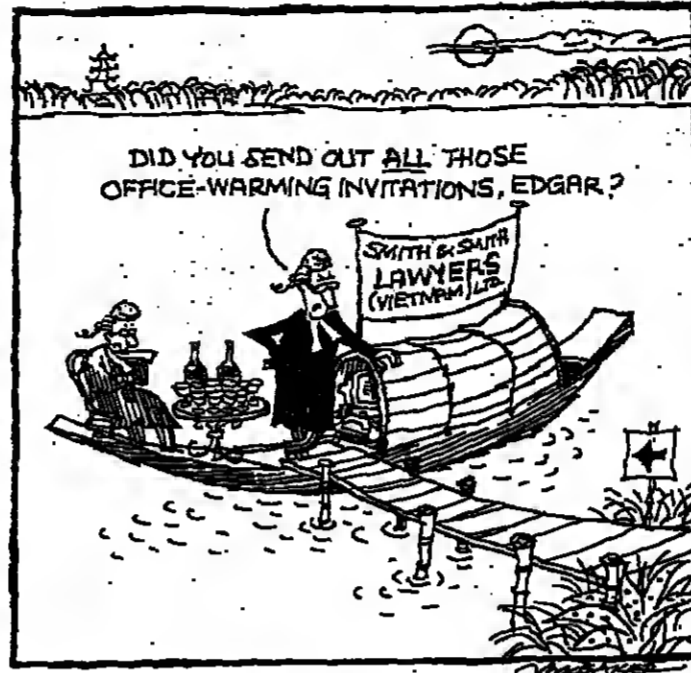
EUROPEAN COURT

The sale of shares and other securities by a charitable trust to fund charitable activities, was not a transaction capable of falling within the Sixth European VAT Directive and therefore was not capable of being the subject of a VAT refund, the European Court of Justice has ruled.

In order to fund charitable activities, the trust appealed that decision to the VAT Tribunal, which referred the matter to the European Court of Justice. The court recalled first that the Sixth VAT Directive applied VAT to the supply of goods or services within the territory of a member country by a taxable person acting as such.

Commitment tested to limit Nigel Page on the problems facing foreign law firms in Vietnam

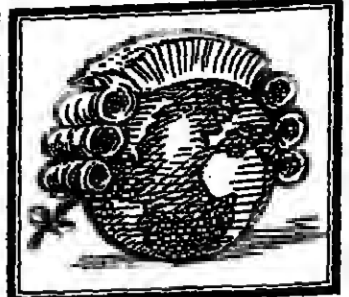
By the time the US embargo on Vietnam was lifted in February 1994, economic reform (or doi moi) was already well underway.



Co. Simson & Associates, Sinclair Roche & Temperley and Lussan Rouilland & Lafarge Fiechoux Regu. These 21 firms probably now represent the caucus of foreign legal representation in Vietnam.

As one lawyer remembered wistfully, "anything was possible", to one of harsh realities. Survival looks like being reserved for those firms prepared to commit substantial resources to remaining in the country, and to those with longstanding business and political connections.

LEGAL BRIEFS



Barristers launch free service for deserving cases

The Bar is to offer a new free service to the public. Launching the Bar Pro Bono Unit last week, Mr Peter Goldsmith, QC, former Bar chairman, said the aim was to provide legal services in specific cases where justice would otherwise be denied.

Shipping office

Stephen Harwood, the City law firm, is to open an office in Piraeus, Greece, in the autumn. In the short term the office will concentrate on offering shipping advice, particularly in the area of ship finance.

Copying move

The Copyright Licensing Agency, which licenses photocopying by establishments and businesses, is to target the chemical industry in the latest move in its battle against illegal copying.

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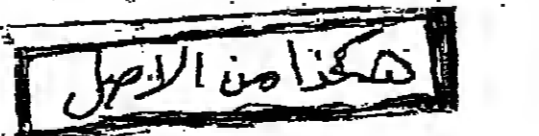
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TECHNOLOGY

Three hundred and fifty years after Christian Huygens first spotted Saturn's largest moon through his primitive telescope, the European Space Agency's Huygens probe will begin its fiery descent through Titan's dense, orange haze of an atmosphere.

On or about November 27, 2004, parachutes will slow the probe from a speed of Mach 20 at the outer edge of Titan's atmosphere to almost the velocity of an apple falling from a tree. Whether the \$360m (£228m) probe splashes into a global ocean of liquid methane or hits dry ice, it should function for at least three minutes after impact.

By then, however, its main task should have been done. Beginning at 180km altitude, seven years after next year's planned launch, the probe is scheduled to transmit scientific data for 183 minutes. By contrast, NASA's Jupiter probe radiated data for only 58 minutes before crashing into the solar system's biggest planet earlier this year.

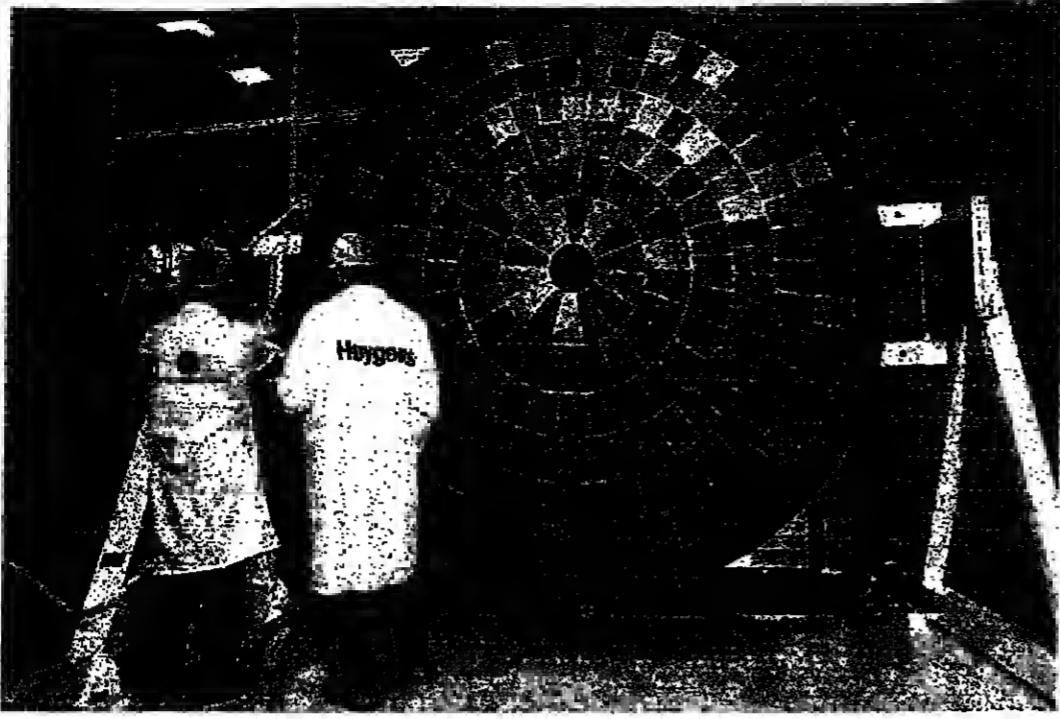
"We could have had a five-hour descent," says Hamid Hassan, the Huygens project manager, based at ESTEC, the European Space Research and Technology Centre, in Noordwijk in the Netherlands. "But the writer which overflies has a limit because of the geometry [of the orbiter's radio receiver in relation to the probe] and a five-hour battery would take all the payload."

As part of the European contribution to the NASA/ESA Cassini mission to Saturn, the 343kg circular probe will be fitted to the Cassini spacecraft in March 1997 for launch from Cape Canaveral the following October.

The payload includes six experiments for physical and chemical atmospheric profiles of temperature, pressure, winds, turbulence, and molecular makeup; downward- and sideways-looking imagers to examine the atmosphere during the probe's descent; and a package for study of the surface. This includes an acoustic radar which will work as a sonar-like sensor in case landing occurs on a liquid surface.

Daniel Gautier first came up with the Huygens probe idea while a co-investigator on NASA's 1977 Voyager One interplanetary mission. "I was intrigued by Titan when I saw Voyager's first image of it and had the idea that the next mission should be there," says Gautier, now the research director at Paris Observatory-Meudon. "So, in 1982, I answered ESA's call for new missions."

With a diameter of 5,140km, Titan is bigger than Earth's moon, Mercury, or Pluto, and has a mainly nitrogen and methane atmosphere several hundred kilometres thick. "At minus 180°C, it is too cold for life as we know it to evolve, and there is no water," says Jean-Pierre



Global mission: Scientists prepare to carry out centrifugal tests on the Huygens probe that will descend to Titan

Trip to Titan

Bruce Dorminey on the European Space Agency's first attempt at entering an extraterrestrial atmosphere

Lebreton, Huygens's project scientist. "Yet Titan will help us better understand chemistry on Earth 4bn years ago, before life began."

Observations made by the Hubble telescope rule out a global ocean but do suggest Titan has mountains 10km high. Also, it has large methane reservoirs, either from lakes or from sources underground.

"The main objective is to measure the composition of the atmosphere," says Gautier. "In order to detect new organic molecules and determine the deuterium [the isotope of hydrogen] in the methane on Titan."

That will tell researchers whether Titan's atmosphere came from passing comets or its interior. Gautier believes the atmosphere came from the interior, meaning that Titan must have volcanoes to replenish the methane which otherwise would have been dissipated by radiation.

Huygens is ESA's first attempt at entering an extraterrestrial atmosphere. The agency chose France's Aerospatiale as prime contractor mainly because of its expertise in re-entry heat shield technology, largely gained through work with France's missile programme.

According to Gerard Ute, Aerospatiale's programme director, some

technical aspects were tougher than expected because of the heat shield's demanding requirements. The newly designed silicon-tile shield will be built to withstand up to 2,000°C during the probe's atmospheric braking manoeuvres, double the expected temperatures on atmospheric entry.

The leeway is necessary because of uncertainty about Titan's exact atmospheric makeup. Yet, regardless of outside temperatures, the on-board experiments will never exceed 10°C. Once the probe separates from the Cassini orbiter, it cannot be influenced by any radio signal from earth, as signals for the 1.8bn km trip will take 80 minutes each way.

Hassan says: "The last command to separate is if the probe operates on an electrical alarm activation system composed of three watches. And like all our components, the watches are radiation-hardened and redundant [fail-safe]."

A pyrotechnical firing mechanism, similar to plastic explosive, cuts the bolts to release the probe's heat shield and back cover, causing the first parachute to come into play. "There is the drogue (or pilot)

chute, the main chute and then the stabiliser chute with which we descend to the surface," says Hassan.

"The whole thing flows with the wind although we do have a target area. There are gusts and we've designed for that. We tested the chutes in Sweden and when it landed there on snow, it was still working."

If there is a magnetospheric disturbance around Earth, the data will simply be downloaded from the orbiter on its next pass within Deep Space of NASA's ground-based Radio (Receiving) Network.

"The main phase of the mission is the descent," says Lebreton. "So after it touches the ground, everything else is a bonus." It is a bonus that can come in less than a second, during which the probe will do a sophisticated surface analysis of the local atmosphere. And that's enough to keep theorists busy for years.

Tough times ahead for ceramics

Tom Mead looks at a new alumina that can withstand extremely high pressures and sudden shocks

It is a matter of legend that in 1947 a UFO crashed near Roswell, New Mexico. Ceramic-like material said to have been collected at the crash site could withstand sledge-hammer blows and cutting torches.

Now researchers at Michigan Technological University (MTU) have developed a ceramic that may rival the toughness of the supposedly extraterrestrial substance. Indeed, the properties of MTU's terrestrial high-strength aluminium oxide material appear ready to overshadow the legend.

Traditional ceramic material - the stuff of coffee cups, telephone-pole insulators and ballet figurines - exhibits several interesting characteristics. It is easily worked into complex shapes, it is electrically insulating and it can withstand extremely high temperatures without deforming or crumbling.

But it is very brittle and, because cracks will propagate catastrophically, has low resistance to shocks or sudden impacts. That combination of characteristics makes traditional ceramics simultaneously highly desirable and yet quite unusable in a number of applications.

At MTU, William Predebon and doctoral student Jim Staehler used a proprietary mix of time, temperature and pressure to form a white, chalky-colored, 2in diameter, 4in thick disc of high-strength alumina - a refined cousin of the material used to make a coffee cup.

It was subjected to the usual array of laboratory tests used to determine the properties of engineering materials. But, when tested for crush (uniaxial compressive strength) and sudden-impact strength, the conventional test results reported a material with quite unconventional properties. "We couldn't fracture it," says Predebon. When the disc was subjected to a press exerting a crushing force that should have turned it to dust, the press reached its own limit before the alumina.

In the time-honoured tradition of science, a more powerful press

was then used. When this subjected the alumina to 50 per cent more quasi-static (ever-increasing) pressure than had ever been withstood by any alumina, the disc fractured at well over 800,000lb of pressure per square inch (PSI).

"There was nothing else comparable," concludes Predebon. Such concentrated pressure can be visualised as the weight of a 200-car stack of 4,000lb cars carried on the face of a wristwatch. The test disc was so resilient that the researchers had to protect the working faces of the press with sacrificial plates made of tungsten carbide - one of the highest compressive strength materials available. Even the plates failed before the alumina.

In addition to surviving energy reaches the edges of the impacted material, it has nowhere else to go, and so tends to exert a massive stretching or ripping tension on the interior of the material.

The new material, on which MTU owns two US patents, has about twice the dynamic tensile strength of conventional ceramics. That may lead to its first application as armour on military tanks - interest has been expressed by the UK, Sweden and Germany for tank armour, as well as by the US Army Tank Command.

The material is also 20 per cent tougher than traditional ceramics in that it can absorb and withstand more energy without failing, even in the presence of internal flaws which generally make materials more likely to fail.

Potential applications capitalising on its high strength and high temperature resistance include use in ceramic cutting tools, ceramic pistons, engine components and as a bio-ceramic - a smooth ceramic that can be used inside the human body.

As for other future applications, Predebon says: "The one that looks very exciting at the moment is microwave transmission. If indeed we can show that our material has the right electrical properties, such that it would provide an advantage over current ceramics for microwave transmission, it could have the same impact on that industry that optical fibres did for the transmission of light."

"You send light down an optical fibre, and the beauty of it is you get all the light out at the far end that you put in at the beginning; you experience virtually no loss. Similarly, when you send a microwave through a ceramic wave guide you want to be able to get all of it out at the other end. "This material has the potential to provide that kind of pure, zero-loss transmissivity, an ability current ceramics cannot provide."

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Meat processing plant Situated at Newark, Nottinghamshire The Joint Administrators DK Dettl and RF Maczulewicz offer for sale the assets of Newark & District Butchers Association (Trading Co Ltd).

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مكتبة النور

ARTS

The master of sublime despair

If Giacometti is one of the great figures of Modern Art, he is also one of the most singular. Developing as a sculptor within the common preoccupations of expressionism and surrealism between the wars, he became ever more particular and idiosyncratic in his work as he became fixed upon the irreducible image and presence of the human figure. He founded no school and had no followers. Yet still, 30 years after his death, he is among the most widely known of modern artists, his spindly figures with their bleak, frontal gaze and their distressed, fraught flesh, the very image of the troubled and alienated modern psyche.

the rich expressionist handling of the paint foreshadows directly the vigorously kneaded play of the final sculpture. The Brancusi-like simplicity of the early abstract sculptures and near-abstract figures is sustained in the totemic standing figures and stele of the 1950s. And always there is the near-obsessive concern with space, whether it is the pictorial space of the painter or the actual space of the sculptor. Figure and space are functions of the same existential truth. Of all modern artists, it is Giacometti who has probed,

William Packer reviews the Giacometti exhibition in Edinburgh

picked and nagged away at this commundrum. We find him at it as much in the early faceted and monumental portrait heads of the 1930s, born out of cubism and constructivism, as in the later canvases with their attenuated figures that stare out at us so implacably from the grey mist. There it is in the splayed images of the surrealist sculpture, in the later figures striding across their city squares, in the paintings of the empty studio, in the figures in their boxes, in their cages, on their plinths and bases. Sculpture, by its nature, is the more definitive for being actual, made of real stuff standing in real space. With Giacometti's sculpture, the sense is ever of that encompassing space pressing in implacably upon the figure, reducing and compressing it to the point of disappearance into the black hole. With the painting and drawing the sense is

no less desperate, but only more tentative as the artist seeks, by his marks and signs, to establish and then invade the non-existent space of the imagination beyond the picture-plane. Painting and drawing were for him an activity of enquiry, the matter only approached, never resolved. It is intimate work, scrappy, perfunctory, informal, uncertain for all the intensity of the scrutiny of the subject. Line over-rides line, change upon change, possibility after possibility, nothing fixed. The painter can address alike the landscape bounded by infinity and close space of the studio or table-top. The sculptor, by contrast, is confined to his own physical compass. Which in the end is the more real? And in every work of Giacometti, the question is asked only to be left hanging in the air, the image always left off, incomplete. In the sculpture such indecision is only the more decisive - a paradox typical of art. The clay exists, occupies space, holds a form, is what it is. Just so is commitment made to the insoluble problem of the image, accepted and presented just as it is. Giacometti was ever the surrealist, but never one of those realist, but never one of those gaudy and black humour. Rather, he is the resigned and melancholic surrealism of the human condition, the individual cast quite alone in space and time. His sublime despair is profoundly moving. Alberto Giacometti (1901-1966). Scottish National Gallery of Modern Art, Belford Road, Edinburgh, until September 22; supported by The Stanley Thomas Jones Foundation, The Foundation for Sport and the Arts, The Henry Moore Foundation, Dunard Fund, The Swiss Cultural Fund, Crossair and Pro Helvetia. Arts Council of Switzerland.



Figures alone in space and time: 'Buste di Diego', 1949/50, by Giacometti

Sex Pistols: back on the offensive

Comedian Jeremy Hardy used to crack a joke about having become his father: "Young people's music today, it's not really music, is it? No proper tunes, no words you can sing along to..." And then the punting: "...In my days we had the Pistols and Buzzcocks." Sunday's Sex Pistols reunion concert in Finsbury Park (heralding a short tour and recorded for a live album) had much the same texture, with a clutch of today's popular beat combos being shown the door by a bunch of middle-aged men who had no right to be remotely as exciting. Iggy Pop may be pushing 50, but easily outdoes Cliff Richard in the Peter Pan stakes. The godfather of punk delivered a blistering collection of classics from the *Rau Power* and *Lust for Life* eras of the 1970s, interspersed with a few numbers from his current album *Naughty Little Doggie*. His would be a hard act even for the second coming of the Sex Pistols to top; as if recognising as much, whilst the stage was being set up for them the PA system blared out the blandly cheery pop which punk banished from the charts; the Brotherhood of Man, Leo Sayer, even - saints preserve us - the Bay City Rollers.

Diligently suppressing any signs of flash musicianship, drummer Paul Cook, guitarist Steve Jones and original bassist Glen Matlock (sucked from the band in 1977 in favour of the incompetent but iconic Sid Vicious) barely got on with the job of reproducing the *Never Mind the Bollocks* album, a handful of B-sides and the Pistols' revered cover of The Monkeys' 'I'm Not Your Stepping Stone'. The band in their heyday, though, were never this tight. B at the evening was Rotten's. In an obscene plaid jacket topped off with a crown of spiky green hair, he paraded around his home turf like the infernal offspring of a catwalk model and the Child Catcher from *Chitty Chitty Bang Bang*, conducting the raucous massed choir (his own microphone could have filled without anyone noticing), winding the crowd up with lines such as "don't worry, its only Uncle Johnny and the boys" delivered with Peter Cook-like snidery, and at one point sending a video camera man scurrying off the stage with a well aimed kick. It was, as one punter remarked, cabaret; a travesty of the original punk ethic, it was merely a big, brash, nostalgic ritual... but the pantomime-stroppy energy and the unholy row sent thousands of grown adults into frenzies of ungainly pogging. The Sex Pistols are no longer the only game in town, but they are still among the most boorishly enjoyable. Ian Shuttleworth



Alastair Muir Adrienne Pieczonka: a natural Strauss soprano

Opera/Andrew Clark A classic Arabella

The dream of meeting 'der Richtige' (Mr Right), and the fulfilment of that dream in the fairy-tale world of imperial Vienna, are the stuff of *Arabella* - but without the right leading lady, the opera has no more substance than a blob of whipped cream. So the arrival of *Miss Right*, in the shape of the Canadian soprano Adrienne Pieczonka, is a cause for rejoicing at Glyndebourne, where she provides a gracious centrepiece for the first Strauss production in the new theatre. In her second summer on the Sussex Downs (she sang Donna Elvira last year), Pieczonka offers a fully-formed portrait of Arabella, which puts her in a distinguished line of postwar interpreters. From her first entrance she quietly dominates the stage, with none of the blandness that can creep into one of Strauss's more insipid heroines. Pieczonka has the advantage of height and impeccable carriage, to which she adds femininity and calm self-awareness. This Arabella knows her

mission in life - she is no flirt - and has the intelligence to keep her cool when everyone else is losing theirs. Above all, Pieczonka is a natural Strauss soprano. With its plummy richness, ecstatic top and all-embracing purity, the voice sits easily on the part, and has no problem projecting above the orchestra. The single factor is at work the moment she begins her preamble to the opening duet, and she knows how to caress her lines in the most captivating way. Pieczonka does not put a foot wrong the entire evening. With the possible exception of Alison Hagley's Zdenka, who looks credibly boyish but sings with less than swallow-like ease, Glyndebourne has assembled a marvellous cast for this revival of John Cox's much loved 1984 production. Building on his success as Covent Garden's Mandryka earlier this year, Wolfgang Brendel presents a more subtle suitor than most. He captures the Croatian outsider's rustic honesty without a trace of coarseness, and sings with sim-

Barclays New Stages/Sophie Constant One man and the world

The small black box that is the Royal Court's Theatre Upstairs - venue for the more compact shows in the Barclays New Stages festival - does not readily suggest potential for transformation. Not that this has prevented the first two Upstairs productions in this year's festival from playing extravagant mischief with the theatre's restrictive dimensions. In his solo show, *A Large Attendance in the Antechamber*, Brian Lipson addresses his audience from within a cubicle-sized reproduction of a Victorian study - supposedly that of Francis Gaulton, founding father of Eugenics. The cubicle, no wider than the desk which fronts it, is heavy with paraphernalia and period detail: a ceiling rose, oil lamps and, of course, books. As Gaulton, or rather, as Gaulton knowingly resurrected ("I was alive for 89 years, I've been dead for 84... things could change"), Lipson holds forth on an incongruous array of topics: the measure of fidget; how to collect 'vital statistics'

from a distance; and scientific mastery over the afternoon brew. An eccentric intellectual operating within his own bizarre matrix of views, theories, concepts and formulae, Gaulton switches between unrelated subjects in an astonishing display of logic-chopping whereby he not only articulates tangential thoughts but expands them into a series of parallel ideas. Some of these ideas - like the composite portrait of three sisters, designed to produce the more pleasing image of a fourth sister - reveal a man fascinated by photographic experimentation and delusion, and are harmless. Others - like the base chart for a system of Eugenics: (i) no low stock reproduction, (ii) reward good reproduction, (iii) no charity - are decidedly snarling. Lipson's Gaulton declares that his 'only interest in this resurrection is to discover the fate of Eugenics', at which point the performer wisely elects to kill him off again. Lipson does not so much inhabit Gaulton's ghost as become possessed by a man who was 'widiely vilified as a heretic and a scoundrel'. In contrast to this elaborate miniature, *Ocean of Storms*, devised and performed by the Birmingham-based Stan's Cafe, is a journey into the void. Two women, Sarah Dawson and Amanda Hadjinge, are stranded in outer space. Darkness surrounds them, with an illuminated Chinese lantern globe a visual reminder of earth. In multiple fragments of characterisation, the women are momentarily the same people whose conversations they eavesdrop upon. A succession of voices break into the unknown orbit, monologues are abruptly truncated or fizzle out. These transient reassurances of human life are seized, dropped, lost and familiarities are suddenly seen anew. Whereas Lipson's show focuses on one man, *Ocean of Storms*, is a meditation on an entire world which has been left behind: it enlarges the theatre space as magically as Lipson's Gaulton compresses it. The Barclays New Stages festival runs until July 6 (0171-730 1746).

INTERNATIONAL ARTS GUIDE

- BERLIN: Staatskapelle Berlin; Konzerthaus Tel: 49-30-203090; Staatskapelle Berlin; conductor Carlo Maria Giulini; perform works by R. Schumann and Brahms; Spm; Jun 26, 27
- AMSTERDAM: Het Muziektheater; Tel: 31-20-5518117; Eldos: Teles; a choreography by William Forsythe to music by Williams and Schoenberg, performed by the Ballet Frankfurt; 8.15pm; Jun 27, 28, 29
- GLASGOW: Glasgow Royal Concert Hall; Tel: 44-141-3326633; The Royal Scottish National Orchestra; with conductor Bramwell Tovey perform works by J. Strauss, E. Strauss, Lehár and Suppé; 7.30pm; Jun 26
- LONDON: Barbican Hall; Tel: 44-171-6384141; London Symphony Orchestra; with conductor John T. Williams perform music from the film 'JFK'; approximately 20 artists; from Jun 28 to Aug 25

- NEW YORK: Avery Fisher Hall; Tel: 1-212-875-5030; Viva Brasil: Zizi Possi and Paulinho da Viola perform Brazilian music; Spm; Jun 28, 29
- SAN FRANCISCO: SFMOMA - Museum of Modern Art; Tel: 1-415-357-4000; Cut, Cast, Assemble: Contemporary Sculpture from the Permanent Collection; exhibition of 16 large-scale sculptures from the museum's collection, including works by Alexander Calder, Richard Diebenkorn, Luciano Fabro, Barbara Hepworth, Henry Moore and Louise Nevelson. This exhibition is the first since the opening of the new museum building in which the fifth floor is seen without inside walls, fully revealing the grand sweep of the museum's uppermost spaces; to Jun 30
- SPOLETO: Associazione Festival del Due Mondi; Tel: 39-6-3210288; Spoleto Festival - Festival del Due Mondi; festival under the direction of Giancarlo Menotti, featuring performances of lyric works, concerts, ballet, plays and films, exhibitions and conferences.

- PARIS: Centre Georges Pompidou; Tel: 33-1-44 78 12 33; Gaetano Pesco: a retrospective exhibition devoted to this artist.
- LOS ANGELES: The J. Paul Getty Museum; Tel: 1-310-459-7811; Ten Centuries of French Illumination: an exhibition of 20 manuscripts and single illuminated pages, presenting a survey of French painting in books, from the 9th to the 18th century. It includes richly illuminated books of many kinds, including scripture, liturgical and devotional books and bestiaires; to Jul 7

- TOKYO: Suntory Hall; Tel: 81-3-35751001; Orchestre Symphonique de Montréal; with conductor Charles Dutoit and pianist Minoru Nojima perform works by Glinka, Tchaikovsky and Stravinsky; Tpm; Jun 26
- WASHINGTON: National Portrait Gallery; Tel: 1-202-357-1915; 1846: Portrait of the Nation: in celebration of the 150th anniversary of the founding of the Smithsonian Institution, this exhibition describes the political, cultural and social character of America in 1846 by focusing on the leading figures of the time; to Aug 18

- WORLD SERVICE: BBC for Europe can be received in western Europe on medium wave 648 kHz (463m)
- EUROPEAN CABLE AND SATELLITE BUSINESS TV: (Central European Time) MONDAY TO FRIDAY NBC/Super Channel: 07.00 FT Business Morning 10.00 European Money Wheel Nonstop live coverage until 15.00 of European business and the financial markets 17.30 Financial Times Business Tonight CNBC: 08.30 Squawk Box 10.00 European Money Wheel 18.00 Financial Times Business Tonight

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COMMENT & ANALYSIS

United across the Internet
Robert Taylor explains why trade unions are planning greater international co-operation

Trade unions around the world are struggling to survive in the increasingly global economy. What limited power and influence they were able to establish after the second world war is being eroded by rising unemployment in the west and attacks on union rights in many developing and industrialised countries.

Their job has also been made much harder in the workplace, with the fashion for employment practices that bypass collective bargaining. And the decline of full-time, permanent jobs in large companies and the growth in part-time work in small enterprises has made organising workers in unions more difficult.

Unions are now using new information technologies such as the Internet and e-mail to work together more effectively. This will involve the creation of databanks to provide unions with information on specific global companies not available from other sources.

While workers are organised at world level (as indeed are consumers and environmentalists), they have not so far matched the effective globalisation achieved by capital.

Unions are now using new information technologies such as the Internet and e-mail to work together more effectively. This will involve the creation of databanks to provide unions with information on specific global companies not available from other sources.

Many unions are looking with hope to developments in the US where the AFL-CIO union federation has gained a new vigour under the presidency of Mr John Sweeney, the militant former leader of the Service Employees Union.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171 573 3938 (please refer to 'line'), e-mail: letters.editor@ft.com. Translation may be available for letters written in the main international languages.

Tedium of immigration service on Eurostar

From Mr A.C.R. Elliott. Sir, Charles Batchelor's recent article on Eurostar, "New light in the tunnel" (June 10), did not cover one important aspect, namely immigration controls.

Free trade target date essential to remove 'spaghetti bowl' of barriers

From Prof Jagdish Bhagwati, Prof Arvind Panagariya, and others. Sir, Recently the idea that the World Trade Organisation should have a target, such as 2015, to achieve worldwide free trade has been proposed.

More than money cements relationships of EU members

From Mr Jerry Zondervan. Sir, I would like to comment on Martin Wolf's article "Thinking the unthinkable" (June 10). Mr Wolf fails to take into account what I see as a very important point - the EU is not only about money.

FT Conference 30 & 31 October 1996. Speakers will include: Sir Andrew Large, Mr John Denham MP, Mr Stefano Grassi, Mr Jack MacNamara, Mr Paul Smees, Ms Pat Rawlins, Mr Peter Mills. European Life Insurance Strategies for Success in a Fast-Changing World. London 30 & 31 October 1996.

Superpower's supreme test

Tony Jackson on the US economy's position among world leaders

According to a recent report from Britain's Treasury, the US could be overtaken by China as the world's biggest economy by 2015. Quibbles over the date aside, there is some piquancy in the source.



Since the early 1990s it seems to have grown again. This partly is due to the successful restructuring of US industry and the leading back of the Japanese challenge.

in international finance. In the mid-19th century, Britain had a similar grip on the corresponding technology, steam power. It also dominated world finance.

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Tuesday June 25 1996

A marriage in haste

Arranging a shotgun wedding between Aerospatiale and Dassault may seem appealing to strategists in the French government, but it is far from clear that a marriage made in haste will lead to a long and fruitful relationship.

restructuring and management reform, seems likely to win control of Dassault, a company which has half an eye on the discipline of the marketplace. The fear must be that the unreconstructed Aerospatiale will overwhelm Dassault.

Thameside

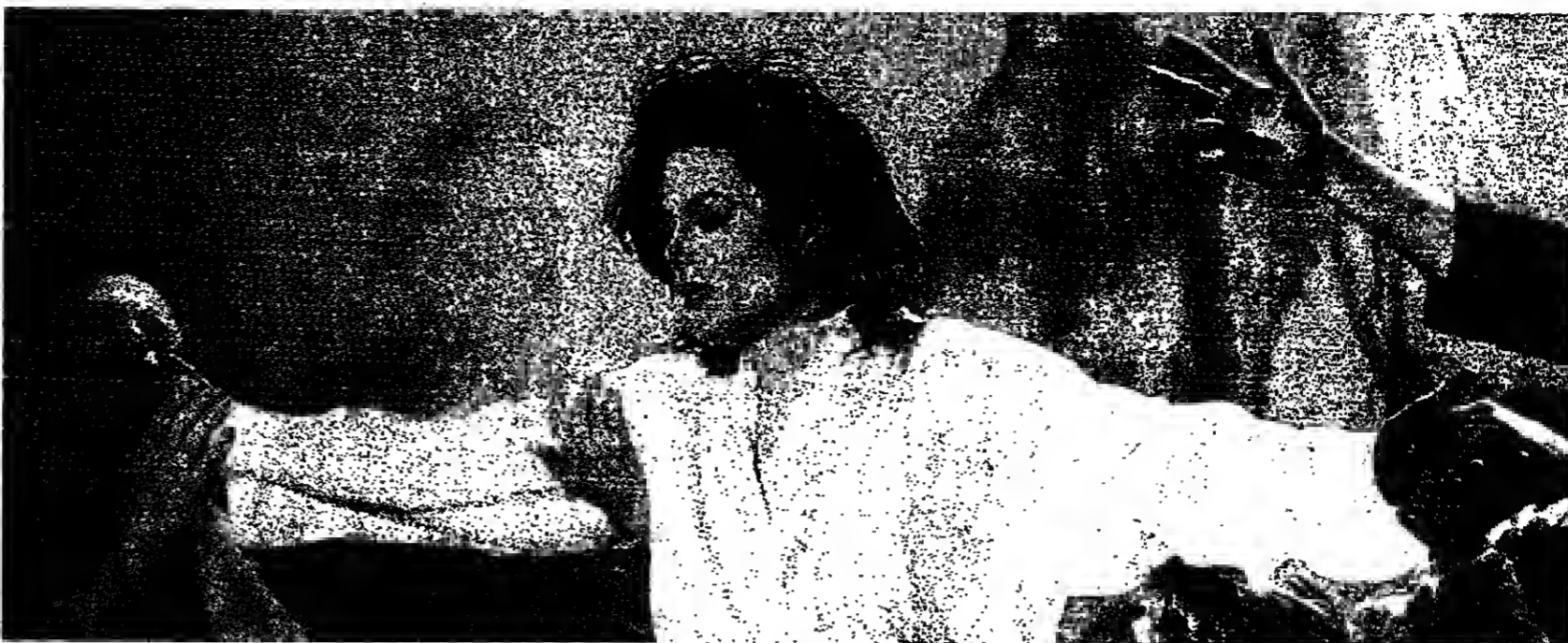
"Earth has not anything to show more fair," was William Wordsworth's reaction to the "beauty of the morning" as seen from Westminster Bridge in 1802.

looms. As Paris demonstrated so forcefully with its grands projets of the 1980s, a strong governmental lead can work wonders in raising the quality and prestige of city centre development across the board.

Votes in whales

In the television age, gruesome pictures of killing can sway electorates and attract shoals of politicians ready to snap up easy votes.

on whaling since 1966 has been supported by well argued evidence. The numbers of larger whales, such as the blue whales and right whales, were then measured in hundreds. Their recovery will be slow since, unlike fish, which produce millions of eggs...



Out of tune with the times

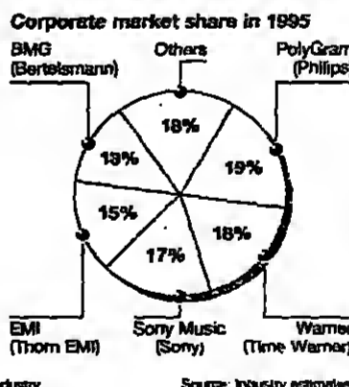
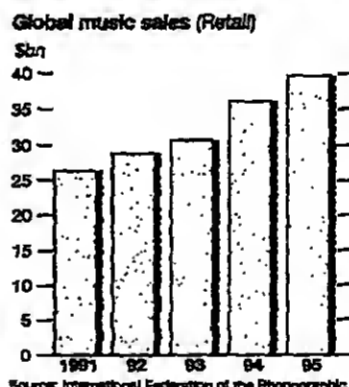
Sony's decision to invest \$30m in promoting Michael Jackson's latest album has produced disappointing results, says Alice Rawsthorn

It is just a year since the executives of Sony, the global electronics and entertainment group, launched a \$30m gamble on the future of one of their most valuable corporate assets.

At first, Sony's confidence seemed to pay off when Dangerous, his 1992 album, sold 23m copies. However, disaster struck in August 1993 when the Los Angeles police began investigating claims that the singer had sexually abused a 13-year-old boy.

of the students who follow fashionable acts, such as Oasis, the Britpop band signed to Sony.

Europe and north America. One problem in organising the tour was raising commercial sponsorship to offset the costs, as former sponsors, including PepsiCo, severed their association with the singer after the 1993 scandal.



OBSERVER

Spanish practices

Spain's new Popular party government may be moving towards a more open economy, but it's not doing much for political tolerance. Staff changes at state organisations don't stop at the top job. In the RTVE broadcasting authority, for instance, they reach deep into the organisation.

Small beer

Pure genius it wasn't. The Cern atom-smasher, the world's largest reactor for sub-atomic particles, and Europe's main claim to fame in world-class big science, was recently halted for five days - by two empty beer bottles.

Idiomatic viewer

Now the latest news on the surreptitious but seemingly unstoppable campaign to make German the third official language of the European Union, alongside English and French.

Cyberdons to arms

Ireland's wily literary scholars are finding the Internet is mightier than the pen in their battle to save one of the many houses lived in by James Joyce in Dublin.

100 years ago

The Canadian Elections The General Election yesterday, after one of the bitterest campaigns in the history of the Dominion, resulted in the defeat of the Government.

Polish War Debt The Polish-British financial agreement concerning the settlement of Polish war debts in Great Britain was signed at the Foreign Office yesterday.

